

City of Hayward California Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2008

CITY OF HAYWARD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2008

Prepared by:

Accounting Division, Department of Finance

CITY OF HAYWARD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2008

TABLE OF CONTENTS

Pages

INTRODUCTORY SECTION

Letter of Transmittal	i - v
Organization Chart.....	vi
Directory of City Officials	vii
Directory of Administrative Staff	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix

FINANCIAL SECTION

Independent Auditors' Report on Basic Financial Statements	1
Management's Discussion and Analysis	3

Basic Financial Statements:

 Government-wide Financial Statements:

Statement of Net Assets	16
Statement of Activities	17

Fund Financial Statements:

 Major Governmental Funds:

Balance Sheet	19
Reconciliation of Governmental Fund Balances to Net Assets of Governmental Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Net Change in Fund Balances — Total Governmental Funds with the Statements of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual:	
General Fund	23

Major Proprietary Funds:

Statement of Net Assets	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	26
Statement of Cash Flows	27

Fiduciary Funds:

Statement of Fiduciary Net Assets	29
---	----

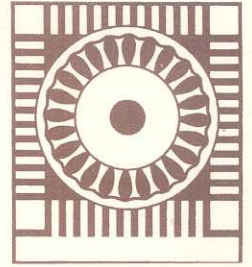
Notes to Basic Financial Statements	30
---	----

CITY OF HAYWARD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	Pages
FINANCIAL SECTION (Continued):	
Supplemental Information:	
Non-Major Governmental Funds:	
Combining Balance Sheets	78
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	82
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	86
Non-Major Enterprise Funds	
Combining Statement of Net Assets	114
Combining Statements of Revenues, Expenses and Changes in Fund Net Assets	115
Combining Statement of Cash Flows	116
Internal Service Funds:	
Combining Statement of Net Assets	118
Combining Statements of Revenues, Expenses and Changes in Fund Net Assets	119
Combining Statements of Cash Flows	120
Fiduciary Funds:	
Statement of Changes in Assets and Liabilities - All Agency Funds	122
STATISTICAL SECTION (Unaudited)	
Net Assets by Component - Last Five Fiscal Years	123
Changes in Net Assets - Last Five Fiscal Years	124
Fund Balances of Governmental Funds - Last Ten Fiscal Years	126
Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years	127
Assessed and Estimated Value of Taxable Property - Last Ten Fiscal Years	129
Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years	130
Principal Property Tax Payers - Current Year and Nine Years Ago	131
Property Tax Levies and Collections - Last Ten Fiscal Years	132
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	133
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	134
Computation of Direct and Overlapping Debt	135
Computation of Legal Bonded Debt Margin	136
Revenue Bond Coverage Waste Water Revenue Bonds - Last Ten Fiscal Years	137
Bonded Debt Pledged Revenue Coverage - Last Ten Fiscal Years	138
Demographic and Economic Statistics - Last Ten Fiscal Years	139
Principal Employers — Current Year and Nine Years Ago.....	140
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	141
Operating Indicators by Function/Program - Last Ten Fiscal Years	142
Capital Asset Statistics By Function/Program - Last Ten Fiscal Years	143

CITY OF HAYWARD



INTRODUCTORY



CITY OF
HAYWARD
HEART OF THE BAY

February 25, 2009

Honorable Mayor and members of the City Council:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hayward for the fiscal year ended June 30, 2008. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Hayward, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mayer Hoffman McCann, PC., a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent auditor was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2008, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this Report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal Awards. These reports are available in the City's separately issued Single Audit Report.

Management is also required, by GAAP, to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

Profile of the City of Hayward

With a population currently estimated at 149,000, Hayward is the third largest city in Alameda County. Hayward is located south of Oakland in the San Francisco Bay Area. The City area includes 61 square miles lying between the eastern shore of San Francisco Bay and the southern Oakland-Berkeley Hills.

Hayward serves as a major transportation hub and a center of commercial and industrial activity, with immediate access to major interstate highways, rail lines, and public transit routes. The community includes approximately 48,000 homes and residences of all types and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, several hospitals, and State and County offices.

The City was incorporated in 1876. Under the City Charter adopted in 1956, the City government is organized in the Council-Manager form. The Mayor is directly elected to a four-year term of office and serves as a voting member and the presiding officer of the City Council. The City Council includes six other members, each of whom is elected at-large to overlapping four-year terms. The Mayor and City Council serve as the legislative and policy-making body of the City government.

The Mayor and City Council appoint a City Manager, a City Clerk, and a City Attorney. The City Manager is the City's chief executive officer and appoints all other City staff. The City Manager is responsible for the daily administration of the City government and provides overall direction to the City departments.

Hayward provides a full range of services to its residents including law enforcement; fire prevention and protection; housing and economic development; land use development services and regulations; community planning; libraries; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. City departments include Public Works, Library, Human Resources, Community and Economic Development, Finance and Internal Services, Fire, Police, City Clerk, City Attorney and City Manager. In addition, the City operates and maintains facilities for water distribution, storm water, and sanitary sewer collection and disposal. The City also operates a general aviation airport, downtown parking facilities, a civic center, and an exhibition hall with meeting rooms. Through its Redevelopment Agency, the City provides development services and improvements in a project area encompassing approximately 1,500 acres.

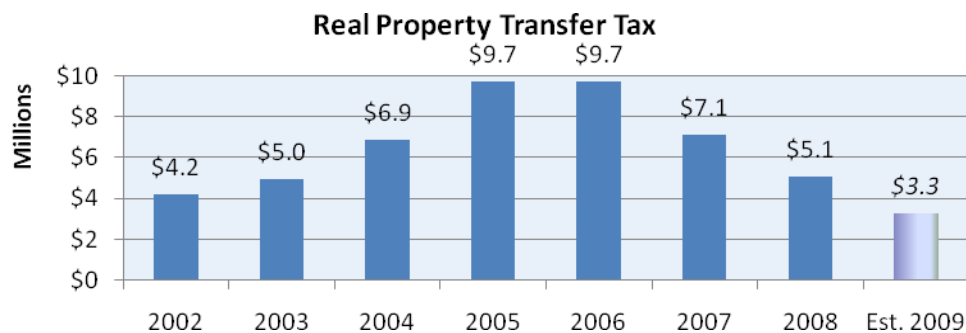
The annual budget serves as the foundation for the City financial planning and control. The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The level of appropriated budgetary control is at the fund level, which is defined as the total budget for all funds and divisions and includes all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers of appropriations within the adopted budget. Supplemental appropriations during the year must be approved by the City Council. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are re-appropriated in the ensuing year's budget. The City utilizes an encumbrance accounting system, whereby commitments such as purchase orders and contractual commitments are recorded as reserved fund balances at year end.

Factors Affecting Financial Condition

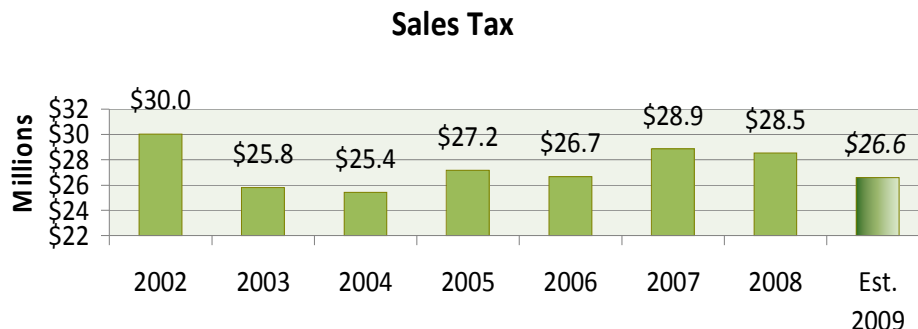
Local Economy. Economic conditions in Hayward are providing both challenges and opportunities for the upcoming fiscal year. Three elements have hit the City very hard; the precipitous drop in the housing market, the steep decline in new car sales, and the reduction of business-to-business sales. Hayward was in a dynamic growth mode related to housing, with 2800 housing units planned in the pipeline over the next two fiscal years. The loss of momentum in the housing market due to the subprime mortgage crisis has almost stopped both housing sales and new construction. This negatively affected both real property transfer tax revenue and business-to-business sales tax.

As noted in the chart below, real property transfer tax revenues are down from a high of \$9.7 million in FY2006 to an estimated \$3.3 million in FY2009. The housing slowdown has also impacted our collection of development fees, which directly support costs related to many of our staff employed to process development related applications, conduct building inspections, and perform related work.



The City's economic improvement efforts have been successful, which is reflected by the overall strengthening of sales tax, mostly through the addition of a Target store and other retail. Further focus and effort in economic development is needed to maintain and improve Hayward's competitive industrial advantage in the area, as well as to expand the commercial/ retail service needs for residents.

The chart below reflects a fairly flat trend in sales tax revenues over the last two fiscal years with FY2008 revenues of \$28.5 million slightly less than FY2007 revenues of \$28.9 million. However, due to the most recent economic and sales information including the closures of Hayward Ford and Mervyns, sales tax revenue is expected to drop to \$26.6 million for FY2009.



The economic picture is not expected to improve over the next fiscal year. Particularly troublesome is the extended financial market problems that have limited both auto and home purchases that could further impact economic activity. Of equal concern is the recession's impact on the job market.

As of June 2008, the unemployment rate for Hayward increased to 6.2% from 5.3% the previous year. The Alameda County unemployment rate is 6.7% with the State of California recording an 8% rate.

There are no indications from the State regarding what additional actions they may be taking in the near future to balance their budget. They have currently proposed deferring Gas Tax and Motor Vehicle License Fee revenue. It is likely the State will be looking at local governments to fill some of the gap. Historically, Cities and Redevelopment Agencies have become likely targets of revenue take-aways to offset state budget deficits.

While managing the dynamics of this economic picture has been, and continues to be challenging, it has also provided opportunity for the organization to look creatively at resource realignment, improved financial planning, and business process improvement.

Fiscal Stability Initiative. Introduced in March 2008, City Council approved the implementation of a Fiscal Stability Initiative which included the following financial management tools to strengthen the City's ability to manage the current economic crisis, and to better anticipate and absorb the negative effects of future economic fluctuations.

Long-range financial planning: All General Fund departments and Enterprise funds were required, for the first time ever, to complete a 10-year projection of revenues and expenditures. In January 2008, immediate steps were taken to control a significant structural General Fund deficit projected at \$11 million if no action taken. As part of the plan, expenditures were slowed significantly and staff began immediately assessing ways of enhancing the revenue picture, including 1) cost recovery in certain areas, 2) updated fee structures, 3) strengthening enterprise functions, and 4) looking at alternative funding sources other than the General Fund to support operations. A hiring freeze was placed on most General Fund positions. The net benefit of these actions reduced the use of reserves from a projected use of \$11 million down to \$8 million.

In order to reduce the use of General Fund reserves in FY2009, a number of additional actions will be implemented including elimination of Cost Of Living Adjustments (COLAs) for Public Safety personnel, reductions in work force through retirement incentives, and implementing a holiday furlough for non-sworn employees.

Internal Service Funds: have been created in FY2009 for technology services, facilities, and fleet management to better manage capital replacement needs, develop reserves, and identify these operating costs in each department and program.

Fund Reserves: The Fiscal Stability Initiative included adopting critical fiscal policies that were presented and recommended to City Council with the FY2009-2010 Budget. These policies include criteria for achieving a balanced budget each year and setting goals for strengthening the City's reserves for unforeseen circumstances, capital replacements, and long-term liabilities. In FY2009, the City established a retiree medical benefits trust fund in order to begin to set aside funding for liabilities associated with other post-employment benefits (OPEB) as a first step in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45. Additionally, designated reserves have been set aside for employee leave payouts related to early retirement incentive programs, and public safety, economic, and liquidity reserves.

Integrated Capital Improvement Program (CIP): The City will develop a 10-year CIP for FY2010. The budgets in the CIP will identify all operating costs and long-term obligations associated with each project. The City and the Redevelopment Agency (RDA) will leverage available assets in a planned approach so that resources are available for necessary capital and infrastructure improvements on a consistent and planned timeline.

Redevelopment. During FY2008, the Redevelopment Agency completed construction on the Cinema Place retail-theater project in the downtown area. The Agency built an adjacent parking structure and will share parking operating costs with the developer. The Agency also is expected to complete in FY2009 all the Cannery/Burbank Area projects, which include a new Burbank elementary school, expanded Cannery park, and related street improvements. The Agency appropriated \$3.5 million for initial acquisition of property along Mission Boulevard between Sycamore Avenue and Pinedale Court for redevelopment purposes. In addition to the Redevelopment Agency projects, the City began right of way acquisitions for the Route 238 Corridor Improvement Project, planning for a new main library, and completing the Mt. Eden annexation and improvement projects.

Awards & Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hayward for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the 22nd consecutive year that the City of Hayward has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. All those who contributed to the preparation of this report deserve commendation for their efforts and dedication. In particular we would like to express our appreciation to Henry Gudino, Accounting Manager, Elena Ramos, Senior Accountant, and Virginia Casuga, Senior Account Technician whose knowledge and dedication were most valuable.

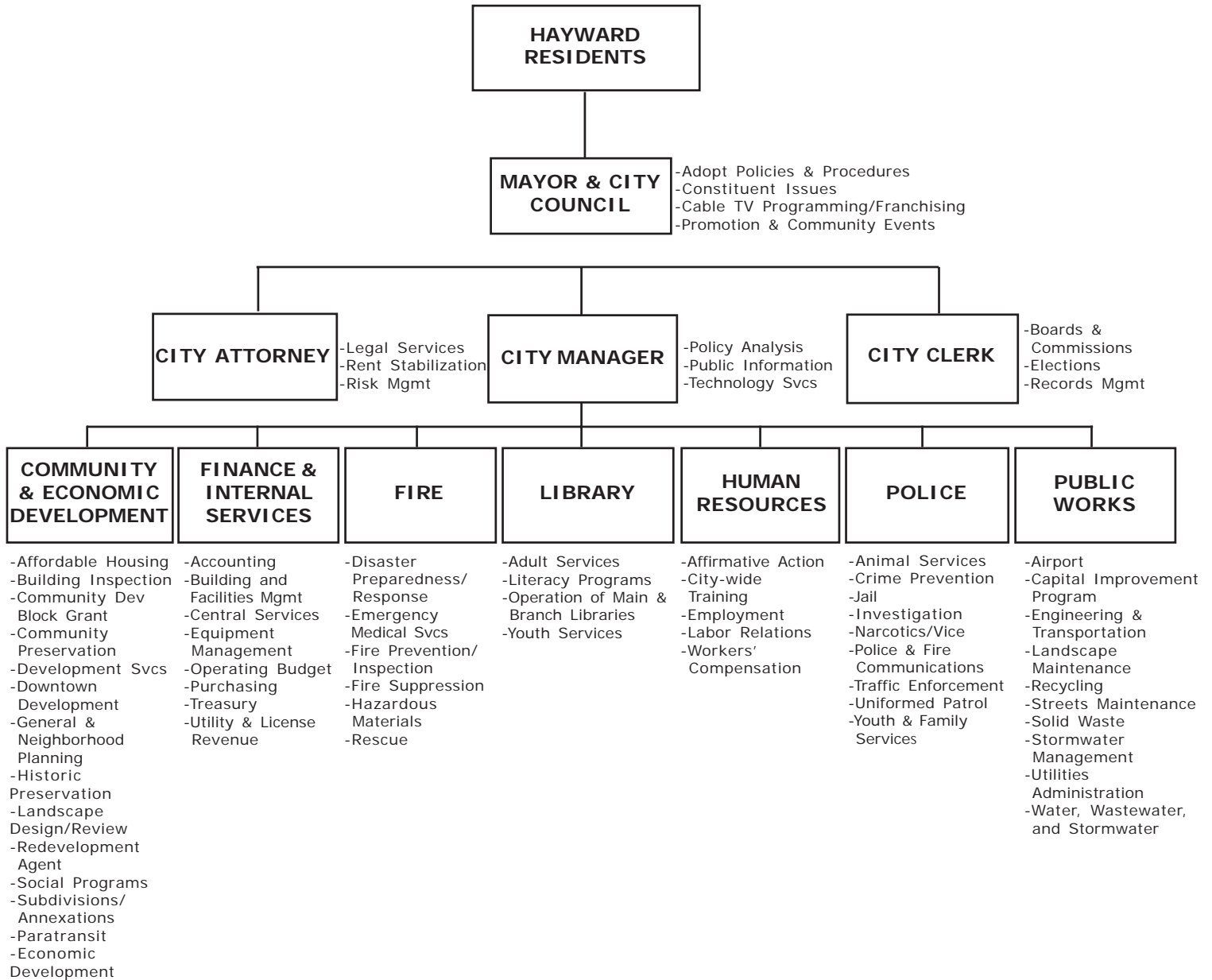
We also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this Report and express our appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully Submitted,



Debra Auker
Director of Finance

CITY OF HAYWARD ORGANIZATION



City of Hayward

Elected Officials in office as of June 30, 2008

The Mayor and six Council members represent Hayward residents, review public policy, and adopt policies responsive to the community. The City Council meets the first four Tuesdays of each month at 8:00 p.m. in Council Chambers, 2nd Floor of 777 B Street, Hayward, CA 94541. The public is invited to attend Council meetings.



Michael Sweeney
Mayor



Kevin Dowling
Council Member



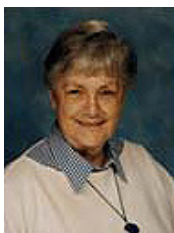
Barbara Halliday
Council Member



Olden Henson
Council Member



Bill Quirk
Council Member



Doris Rodriguez
Council Member



Bill Ward
Council Member

City Of Hayward

Administrative Staff as of June 30, 2008

Appointed by City Council

City Manager	Greg Jones
City Attorney	Michael Lawson
City Clerk	Angelina Reyes

Department Directors

Assistant City Manager	Fran David
Community and Economic Development Director	Susan Daluddung
Finance and Internal Services Director	Debra Auker
Fire Chief	Craig Bueno
Human Resources Director	Holly Brock-Cohn
Library Director	Lisa Rosenblum
Police Chief	Ron Ace
Public Works Director	Robert Bauman

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hayward
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



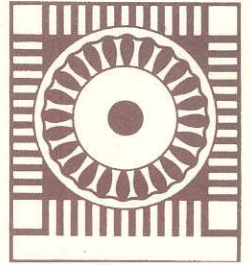
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF HAYWARD



FINANCIAL



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

City Council
City of Hayward, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Hayward. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, of the City of Hayward, California and the respective budgetary comparison information for the general fund of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



City Council
City of Hayward
Hayward, California

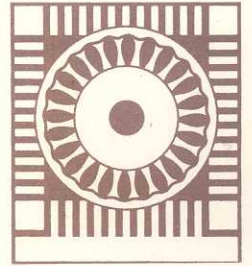
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hayward's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Mayer Hoffman McLean P.C.

Irvine, California
February 25, 2009

CITY OF HAYWARD



Management Discussion and Analysis

CITY OF HAYWARD

Management's Discussion and Analysis

As management of the City of Hayward (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information furnished in our Letter of Transmittal, which can be found on pages i through v in the introductory section of this report. All data presented in this analysis is expressed in millions.

Financial Highlights

- At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by \$484.2 million (*net assets*). Of this amount, \$167.6 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by the various funding sources.
- The City's total net assets increased by \$10.6 million during the current fiscal year. Governmental activities, including the General Fund and the Redevelopment Agency, increased by \$1.1 million, while business-type activities, including Water, Sewer and Airport funds, increased by \$9.5 million.
- As of June 30, 2008, the City's governmental funds reported combined fund balances of \$94 million, a decrease of \$24 million from the prior year mainly due to spending on Redevelopment projects. Of this amount, \$78.6 million or approximately 84% of total fund balances are unreserved fund balances.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15.3 million, or 13% of total General Fund expenditures.
- As of June 30, 2008, the City's proprietary funds reported combined fund balances of \$234.9 million, an increase of \$9.5 million from the previous year. Of this amount, \$134.1 million or approximately 54% of total fund balances are unrestricted fund balances.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information and other supplementary information.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net

assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. For fiscal year 2008 the government-wide net assets increased by \$10.6 million.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public works and transportation, community development, culture and leisure, and interest on long-term debt. The business-type activities of the City include sewer and water services, stormwater runoff management, Hayward Airport, and Centennial Hall.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Redevelopment Agency of the City of Hayward. The Redevelopment Agency functions as an integral part of the primary government and has been included in these financial statements. The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories; governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation the City's near-term financial requirements.

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The City maintains 31 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Redevelopment Agency Capital Projects Fund which are considered to be major funds. Data

from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this report.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison statement is provided for all governmental funds with an annually adopted budget. The budget comparison statement for the General Fund is located in the basic financial statements on page 23 of this report. All other funds with legally adopted annual budgets are located in the supplementary information section.

The governmental fund financial statements can be found on pages 19-23 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds, the Enterprise Funds and the Internal Service Funds. The *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, stormwater runoff, airport, and Centennial Hall rental operations. The *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Workers Compensation, General Liability, and Equipment Management Funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Airport Funds which are considered to be major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the *Internal Service Funds* section of this report.

The proprietary fund financial statements can be found on pages 25-28 of this report.

Fiduciary Funds. Fiduciary, or Agency, funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

The fiduciary, or Agency, fund financial statements can be found on page 29 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-75 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, supplementary information on non-major governmental funds and internal service funds are presented in this report. Combining and individual fund statements and schedules can be found on pages 78- 120 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$484.2 million at the close of the current fiscal year.

The largest portion of the City's net assets (55%) reflects its investment in capital assets (e.g. land, buildings, street infrastructure, sewer and water pipelines, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - City of Hayward Statement of Net Assets

(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$126.4	\$149.9	\$142.4	\$127.2	\$268.8	\$277.1
Capital assets	247.2	221.5	175.9	166.7	423.1	388.2
Total assets	373.6	371.4	318.3	293.9	691.9	665.3
Liabilities:						
Long term liabilities outstanding	101.4	95.1	75.9	58.5	177.3	153.6
Other liabilities	22.9	25.7	7.5	9.6	30.4	35.3
Total liabilities	124.3	120.8	83.4	68.1	207.7	188.9
Net assets:						
Invested in capital assets, net of debt	165.7	126.4	100.7	108.2	266.4	234.6
Restricted	50.1	45.1	-	3.9	50.2	49.0
Unrestricted	33.5	79.1	134.2	113.7	167.6	192.8
Total net assets	\$249.3	\$250.6	\$234.9	\$225.8	\$484.2	\$476.4

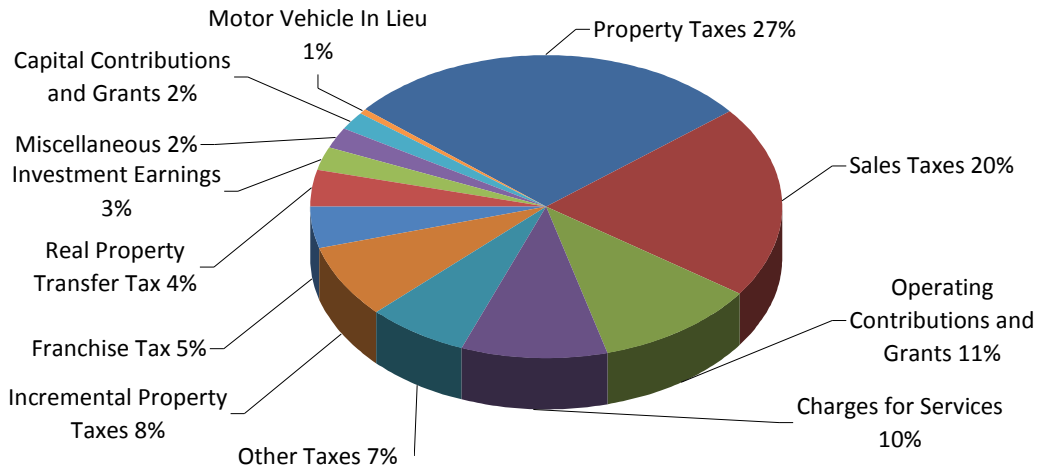
An additional portion of the City net assets (10%) represent resources that are subject to external restrictions on how they may be used. Almost all of these restricted net assets are related to restrictions on the City's special revenue and capital projects funds. The remaining balance of unrestricted net assets, \$167.6 million, may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by the various funding sources.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the governmental as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Table 2 - City of Hayward Statement of Changes in Net Assets

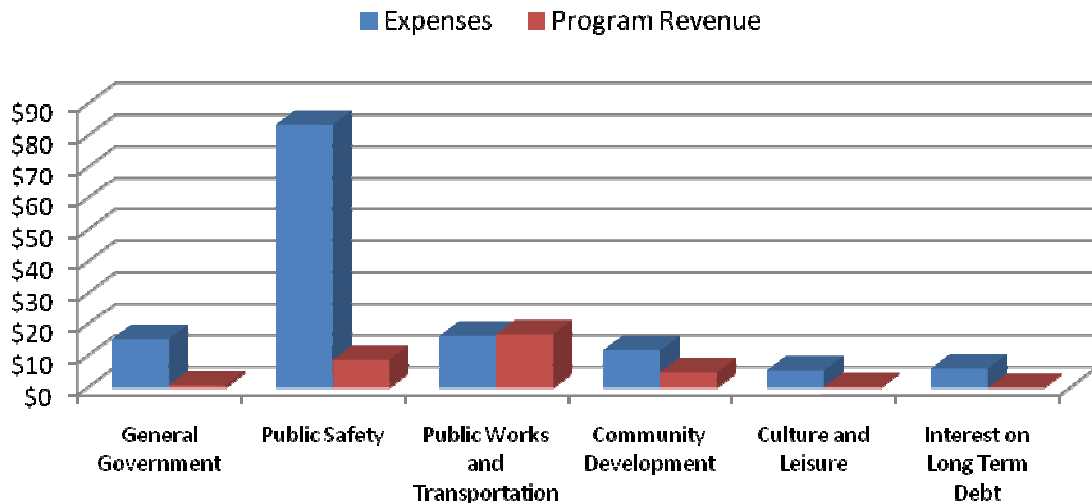
	(Amounts expressed in millions)					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$13.6	\$13.9	\$46.1	\$44.7	\$59.7	\$58.6
Operating contributions and grants	15.3	18.4	4.8	4.3	20.1	22.7
Capital contributions and grants	2.9	2.6	1.7	0.4	4.5	3.0
General revenues:						
Property taxes	38.5	34.6			37.0	24.7
Incremental property taxes	10.7	11.5			10.7	11.5
Sales taxes	28.5	28.9			28.5	28.9
Real property transfer tax	5.1	7.1			5.1	7.1
Franchise tax	6.2	4.8			6.2	4.8
Other taxes	9.3	10.3			10.9	10.3
Motor vehicle in lieu	0.7	0.9			0.7	10.8
Investment earnings	3.6	3.1	5.2	6.1	8.8	9.2
Miscellaneous	2.9	6.9	0.7	0.1	3.6	7.0
Total Revenues	137.3	143.0	58.5	55.6	195.8	198.6
Expenses:						
General Government	15.4	16.3			15.4	16.3
Public safety	83.6	73.9			83.6	73.9
Public works and transportation	16.4	19.8			16.4	19.8
Community development	11.9	8.1			11.9	8.1
Culture and leisure	5.6	3.8			5.6	3.8
Interest on long term debt	6.1	5.0			6.1	5.0
Sewer			15.2	13.3	15.2	13.3
Water			25.6	24.6	25.6	24.6
Airport			2.6	2.5	2.6	2.5
Stormwater			2.1	1.9	2.1	1.9
Centennial Hall			0.7	0.7	0.7	0.7
Total expenses	139.0	126.9	46.2	43.0	185.2	169.9
Increase (decrease) in net assets before transfers	(1.7)	16.1	12.3	12.6	10.6	28.7
Transfers	2.8	2.2	(2.8)	(2.2)	0.0	0.0
Increase (decrease) in net assets	1.1	18.3	9.5	10.4	10.6	28.7
Net assets, July 1	250.6	232.3	225.8	215.4	476.4	447.7
Prior year adjustments	(2.4)		(0.4)		(2.8)	
Net Assets, July 1 as restated	248.2	232.3	225.4	215.4	473.6	447.7
Net Assets-June 30	\$249.3	\$250.6	\$234.9	\$225.8	\$484.2	\$476.4

Revenues by Source – Governmental Activities



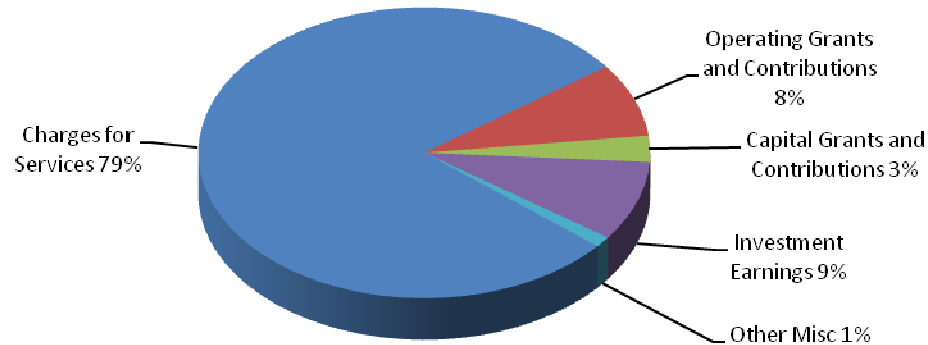
The above *Revenues by Source* chart shows that the largest source of FY2008 governmental revenues is the 27% generated from property taxes, while other top revenues sources were 20% from sales taxes, 11% from operating contributions and grants, 10% from charges for services, 7% from other taxes such as transient occupancy taxes, and 8% from Redevelopment incremental property taxes. The remaining 15% came from a variety of sources as shown above.

Expenses and Program Revenues – Governmental Activities (expressed in millions)



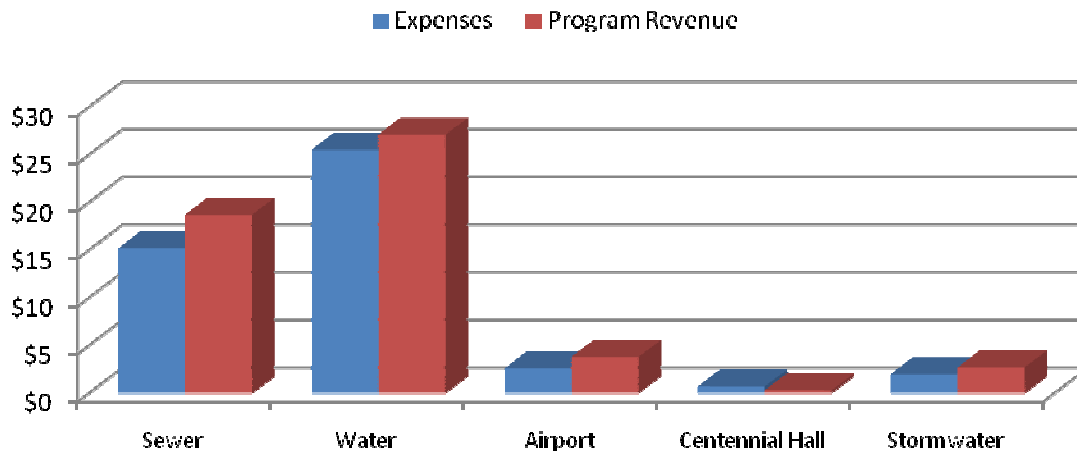
The above *Expenses and Program Revenue* chart illustrates the City's governmental expenses by major activity and the related program revenue generated to support that activity. Program revenue includes charges for services such as traffic safety fines, licenses, permits, plan checks fees, building inspection and other construction related fees. Contributions and grants include amounts contributed by developers and grants from the state and federal government. As the chart shows, public safety is the largest function in expense (60%), followed by Public Works and Transportation (12%), General Government (11%), Community Development (9%), and Culture and Leisure (4%).

Revenues by Source – Business-type Activities



The net assets of business-type activities were \$234.9 million at June 30, 2008, an increase of \$9.5 million over last fiscal year. The increase in business-type assets is attributed to charges for services, capital contributions and grants for sewer and water infrastructure, and revenue from investment earnings. Program revenues totaled \$52.6 million while program expenditures totaled \$46.2 million. Investment earnings totaled \$5.2 million. As the Revenues by Source chart indicates; charges for services account for 79% of the revenue for the City's enterprise funds.

Expenses and Program Revenues – Business-type Activities (expressed in millions)



As the Expenses and Program Revenues chart above shows, the Sewer and Water Funds were able to increase reserves with gains of \$3.4 million and \$1.5 million respectively. Airport and Stormwater Funds also increased net assets by \$1.2 million and 0.7 million in profit. Centennial Hall Fund decreased \$385,016 due to less than expected revenue for rentals.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$94 million, a decrease of \$24 million in comparison with the prior year. Approximately, 84% of fund balances or \$78.6 million represent *unreserved fund balances*; which is available for spending at the government's discretion. However of the \$78.6 million in unreserved fund balances, 80% or \$63.3 million is designated for special revenue programs, debt service, and capital projects which must be spent according to the terms of various bond issues. The remainder of the fund balance is *reserved* to indicate that it is not available for spending because of encumbrance commitments totaling \$0.8 million and a \$10.4 million advance due from the Redevelopment Agency Capital Fund that is long term in nature and thus does not represent available spending resources.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$15.3 million, while the total fund balance was \$26.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance, and total fund balance to total fund expenditures. The unreserved fund balance represents 13% of total General Fund expenditures of \$113.5 million, while total fund balance represents 23% of that same amount.

At the end of the fiscal year, fund balance of the City's General Fund increased by \$3 million. The increase is due to recording a \$10.4 million repayment loan agreement from Redevelopment Agency as part of the year end audit which is then offset by a \$7 million current year deficit.

The Debt Service Fund accounts for transfers of revenue from the General and Capital Projects Fund for payment of interest and principal of certificates of participation. During the year, the Fund made debt service payments of \$3 million with transfers from General Fund and has an ending fund balance of \$188,000. More importantly, during the year the City authorized the refunding of the 1996 Certificates of Participation (COP) with 2007 COP's. \$31.8 million in debt was issued to refund \$32.1 million in existing debt. The refunding transaction flows through the Debt Service Fund and warrants a specific discussion in this report.

The Redevelopment Agency Capital Projects Fund accounts for property tax increment revenues used for capital projects connected within downtown redevelopment. The Hayward Redevelopment Agency functions as a division within the City.

The Agency's purpose under California law is to eliminate urban blight in the City of Hayward. The Agency is given certain powers under the law to assist it in that endeavor. The Agency may condemn property under certain circumstances as prescribed by the law, and it may incur indebtedness to finance its redevelopment activities. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over amounts received in the year before the property in the Agency's area became subject to redevelopment (called the Base Year). The increases are called Property Tax Increments. Twenty percent of the property tax increments received must be used to increase the supply of low- and moderate-income housing. The Agency must also make "pass through" payments to other pre-existing governmental entities within its redevelopment area, in accordance with statutory formulas.

During the 2008 fiscal year, the Redevelopment Agency continued construction on the Cinema Place retail-theater project in the downtown area. The Agency has built an adjacent parking structure and will share parking operating costs with the developer. The Agency also moved forward on the Cannery/Burbank Area projects, which includes a new Burbank elementary school, expanded Cannery park and related street improvements.

Tax increment revenues totaled \$12.1 million, an increase of 5% from the previous year. Expenditures totaled \$29.4 million primarily for the Cannery Area and Cinema Place projects. The ending fund balance for Redevelopment Agency Capital Projects Fund is \$18.9 million.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, the unrestricted net assets of the Sewer, Water, and Airport Funds amounted to \$64.7, \$56.3 and \$12.4 million respectively. The total growth in net assets was the result of an increase of \$4.7 million in the Sewer Fund and \$3.0 million in the Water Fund due to more revenue from charges for services. The Airport Fund also increased net assets by \$1.3 million over last year due to FAA capital grant revenue. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Comparison of the fiscal year original General Fund budgeted expenditures of \$108.2 million to the final General Fund budgeted expenditures of \$112.1 million results in a net increase of \$3.9 million. Differences between the original and the final budget can be briefly summarized as follows:

- \$2.4 million for employee services allocated to police and fire at mid-year review plus some additional police grant funded programs
- \$0.8 million in community development social service funded programs
- \$0.6 million in general government activities for employee services, consultant costs for revenue study, technology, computers
- \$0.1 million in culture and leisure activities for library grants

Actual General Fund expenditures were \$1.4 million more than the final fiscal year 2007-08 budget amounts. The primary reason for the over-budget condition was a one time adjustment for payroll costs for the last week of the fiscal year (June 23-30, 2008). In prior years the City reported payroll on a cash basis, however this year, as recommended by the auditors, payroll is reported on an accrual basis to be in compliance with generally accepted accounting principles.

During the year, revenues exceeded final budgetary estimates by \$3.4 million and along with the reserves, provided funding for all appropriation amendments to the FY2008 Budget. The details of budget variance for the General Fund can be found at page 23 of the basic financial statements.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2008, the City's investments in capital assets for its governmental and business-type activities are \$423.1 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, land improvements, machinery and equipment, motorized vehicles, street infrastructure such as roads, bridges, street lights, traffic signals, airport hangers, sewer and water pipelines. The total increase in the City's investment in capital assets for the current fiscal year is 9% which is attributed to Redevelopment projects in Cannery Area and Cinema Place and street improvements.

Table 3 - City of Hayward Capital Assets
(Net of depreciation / amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$10.9	\$10.9	\$3.5	\$3.5	\$14.4	\$14.4
Construction in progress	48.4	37.7	61.6	49.2	110.0	86.9
Buildings	47.1	41.3	8.8	9.3	55.9	50.6
Improvements other than buildings	6.0	5.5			6.0	5.5
Machinery and equipment	12.9	11.4	10.8	11.7	23.7	23.1
Street infrastructure	121.9	114.7			121.9	114.7
Sewer infrastructure			39.7	41.2	39.7	41.2
Water infrastructure			39.0	40.6	39.0	40.6
Airport infrastructure			12.5	11.2	12.5	11.2
Total	<u>\$247.2</u>	<u>\$221.5</u>	<u>\$175.9</u>	<u>\$166.7</u>	<u>\$423.1</u>	<u>\$388.2</u>

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$169.6 million. Of this amount, \$31.8 million represents certificates of participation debt for Civic Center Project; \$18.8 million represents certificates of participation for sewer and water system improvements; \$5.9 million represents lease revenue bonds for capital improvements; \$6.1 million represents capital leases for Boys & Girls Club, fleet vehicles, computer and telephone equipment; \$54.2 million represents tax allocation bonds for Cannery Area redevelopment projects; and \$52.8 million represents State Water Board financing for a water pollution control facility.

There were three additions to the City's debt; a \$1.3 million capital lease for voice over internet protocol (VOIP) telephone system; a \$1.3 million capital lease for fleet vehicles; and \$12.9 million in financing from State Water Board for capital projects. Deductions to long-term debt include debt service payments of \$4.8 million.

Also due to favorable interest rates, there were two refundings of debt in the current fiscal year. The \$31.8 million in Civic Center Project debt refunded \$32.1 million of previous debt resulting in a refunding gain of \$300 thousand. The second refunding was \$11 million of 1996 and 1997 certificates of participation were refunded with \$9.9 million of 2007 certificates generating a refunding gain of \$1.1 million.

Table 4 - City of Hayward Outstanding Debt
(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Certificates of Participation	\$31.8	\$32.1	\$18.8	\$21.2	\$50.6	\$53.3
Lease Revenue Bonds	2.4	3.1	3.5	4.0	\$5.9	\$7.1
Capital Lease Obligations	6.1	4.5			\$6.1	\$4.5
Tax Allocation Bonds	54.2	55.4			\$54.2	\$55.4
State Water Resources Control Board Loan			52.8	33.3	\$52.8	\$33.3
Total Long-Term Debt	<u>\$94.5</u>	<u>\$95.1</u>	<u>\$75.1</u>	<u>\$58.5</u>	<u>\$169.6</u>	<u>\$153.6</u>

See note 6 for additional information on long-term debt.

Local Improvement Districts (LIDS) in different parts of the City and a Community Facilities District #1 (Eden Shores) have also issued debt to finance infrastructure and facilities construction in their respective districts. As described in Note 17 to the financial statements, the City has sponsored special assessment debt issues, but has no legal liability for repayment and is not included in the City's governmental debt. As of June 30, 2008, a total of \$13 million in special assessment district debt was outstanding by six special assessment districts. (Further detail regarding the City debt can be found in Note 8 to the financial statements.)

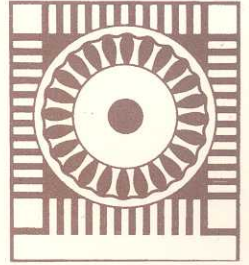
Economic Outlook and Major Initiatives

The economy of the City and major initiatives for the coming year are discussed in detail in the Transmittal Letter.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Additional financial information is available on our website at **www.hayward-ca.gov**. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Hayward, Finance Department, 777 B Street, Hayward, California 94541-5007.

CITY OF HAYWARD



Basic Financial Statements

CITY OF HAYWARD, CALIFORNIA

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of the entire City's Governmental Activities in a single column, and the financial position of the entire City's Business-Type Activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared using the full accrual basis of accounting, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Hayward, the Hayward Public Financing Authority, the Hayward Business Improvement District and the Hayward Housing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for activities.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

CITY OF HAYWARD
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Totals
ASSETS:			
Cash and investments (note 2)	\$ 89,528,791	103,319,480	192,848,271
Cash and investments with fiscal agent (note 2)	12,955,651	4,818,703	17,774,354
Accounts receivable, net	4,044,527	8,385,471	12,429,998
Interest receivable	658,808	754,923	1,413,731
Due from other governments	3,510,058	1,172,302	4,682,360
Interfund balances	(2,277,595)	2,277,595	-
Inventory	21,802	613,795	635,597
Loans receivable (note 3)	13,473,222	-	13,473,222
Land held for resale	4,154,570	-	4,154,570
Prepaid expenses	377,854	8,051,402	8,429,256
Other assets	-	940,502	940,502
Investment in East Bay Dischargers Authority (note 15)	-	12,082,760	12,082,760
Capital assets (note 5):			
Land	10,877,024	3,533,920	14,410,944
Construction in progress	48,396,123	61,637,427	110,033,550
Capital assets being depreciated, net	187,893,158	110,698,101	298,591,259
Total assets	<u>373,613,993</u>	<u>318,286,381</u>	<u>691,900,374</u>
LIABILITIES:			
Accounts payable	6,043,256	2,408,330	8,451,586
Accrued interest	1,572,872	293,935	1,866,807
Accrued liabilities	10,763,835	212,084	10,975,919
Refundable deposits	4,498,448	4,398,377	8,896,825
Accrued reclamation costs (note 10)	-	237,853	237,853
Long-term debt (note 6):			
Due within one year	10,335,255	1,808,310	12,143,565
Due in more than one year	91,043,523	74,067,236	165,110,759
Total liabilities	<u>124,257,189</u>	<u>83,426,125</u>	<u>207,683,314</u>
NET ASSETS:			
Invested in capital assets, net of related debt	165,674,448	100,748,593	266,423,041
Restricted for:			
Public safety	146,887	-	146,887
Public works	4,600,892	-	4,600,892
Community development	13,538,286	-	13,538,286
Culture and leisure	2,260,240	-	2,260,240
Redevelopment activities	29,629,809	-	29,629,809
Unrestricted	33,506,242	134,111,663	167,617,905
Total net assets	<u>\$ 249,356,804</u>	<u>234,860,256</u>	<u>484,217,060</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
Statement of Activities
For the Year Ended June 30, 2008

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Contributions and Grants	Contributions and Grants	Activities	Activities	
GOVERNMENTAL ACTIVITIES:							
General government	\$ 15,432,428	817,256	46,542	384	(14,568,246)	-	(14,568,246)
Public safety	83,609,438	5,123,501	3,722,115	-	(74,763,822)	-	(74,763,822)
Public works and transportation	16,393,568	6,905,792	7,160,555	2,855,911	528,690	-	528,690
Community development	11,939,160	682,789	4,239,008	-	(7,017,363)	-	(7,017,363)
Culture and leisure	5,629,749	106,920	164,353	-	(5,358,476)	-	(5,358,476)
Interest on long term debt	6,060,020	-	-	-	(6,060,020)	-	(6,060,020)
Total governmental activities	<u>139,064,363</u>	<u>13,636,258</u>	<u>15,332,573</u>	<u>2,856,295</u>	<u>(107,239,237)</u>	<u>-</u>	<u>(107,239,237)</u>
BUSINESS-TYPE ACTIVITIES:							
Sewer	15,250,146	16,507,956	1,751,959	404,966	-	3,414,735	3,414,735
Water	25,585,042	24,550,837	2,550,626	-	-	1,516,421	1,516,421
Airport	2,644,168	2,049,105	468,768	1,323,521	-	1,197,226	1,197,226
Centennial Hall maintenance and operation	678,964	293,948	-	-	-	(385,016)	(385,016)
Stormwater	<u>2,049,493</u>	<u>2,710,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661,320</u>	<u>661,320</u>
Total business-type activities	<u>46,207,813</u>	<u>46,112,659</u>	<u>4,771,353</u>	<u>1,728,487</u>	<u>-</u>	<u>6,404,686</u>	<u>6,404,686</u>
Total	<u>\$ 185,272,176</u>	<u>59,748,917</u>	<u>20,103,926</u>	<u>4,584,782</u>	<u>(107,239,237)</u>	<u>6,404,686</u>	<u>(100,834,551)</u>
GENERAL REVENUES:							
Taxes:							
Property taxes					38,464,255	-	38,464,255
Incremental property taxes					10,729,476	-	10,729,476
Sales taxes					28,512,340	-	28,512,340
Real property transfer tax					5,077,214	-	5,077,214
Franchise tax					6,166,499	-	6,166,499
Business tax					2,480,696	-	2,480,696
Excise tax					1,931,187	-	1,931,187
Other taxes					4,933,567	-	4,933,567
Motor vehicle in lieu, unrestricted					671,084	-	671,084
Investment earnings					3,638,001	5,245,152	8,883,153
Gain on sale of assets					53,845	251,354	305,199
Miscellaneous revenues					2,889,548	437,661	3,327,209
TRANSFERS					<u>2,829,378</u>	<u>(2,829,378)</u>	<u>-</u>
Total general revenues and transfers					<u>108,377,090</u>	<u>3,104,789</u>	<u>111,481,879</u>
Change in net assets					1,137,853	9,509,475	10,647,328
Net assets at beginning of year, as restated (note 20)					<u>248,218,951</u>	<u>225,350,781</u>	<u>473,569,732</u>
Net assets at end of year					<u>\$ 249,356,804</u>	<u>234,860,256</u>	<u>484,217,060</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

FUND FINANCIAL STATEMENTS

The Fund financial statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2008. Individual non-major funds are reported in the Supplemental Section.

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

Debt Service Fund - Accounts for transfers of revenue from the general and capital projects funds for payment of interest and principal of certificates of participation.

Redevelopment Agency Capital Projects Fund - Accounts for property tax increment revenues used for capital projects connected with downtown redevelopment.

CITY OF HAYWARD
Governmental Funds
Balance Sheet
June 30, 2008

	General	Debt Service	Redevelopment Agency Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS:					
Cash and investments	\$ 15,222,287	-	26,881,510	43,946,114	86,049,911
Cash and investments with fiscal agent	33,455	187,804	7,553,411	4,233,184	12,007,854
Accounts receivable, net	3,388,300	-	275,624	353,907	4,017,831
Due from other governments	1,508,176	-	-	2,001,882	3,510,058
Due from other funds (note 4)	1,247,691	-	-	-	1,247,691
Loans receivable	-	-	3,793,188	9,680,034	13,473,222
Interest receivable	138,419	-	186,553	323,841	648,813
Advances to other funds (note 4)	10,386,217	-	-	-	10,386,217
Inventory	21,802	-	-	-	21,802
Land held for resale	-	-	4,154,570	-	4,154,570
Prepaid expenses	30,171	-	-	-	30,171
Total assets	<u>\$ 31,976,518</u>	<u>187,804</u>	<u>42,844,856</u>	<u>60,538,962</u>	<u>135,548,140</u>
LIABILITIES:					
Accounts payable	\$ 1,915,975	-	2,284,291	1,333,671	5,533,937
Accrued liabilities	2,412,465	-	2,444,793	-	4,857,258
Due to other funds (note 4)	-	-	-	47,254	47,254
Advances from other funds (note 4)	-	-	13,061,913	-	13,061,913
Deferred revenue	86,404	-	3,793,188	9,680,034	13,559,626
Refundable deposits	1,029,820	-	2,309,796	1,158,832	4,498,448
Total liabilities	<u>5,444,664</u>	<u>-</u>	<u>23,893,981</u>	<u>12,219,791</u>	<u>41,558,436</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	775,737	-	-	-	775,737
Advances to other funds	10,386,217	-	-	-	10,386,217
Inventory	21,802	-	-	-	21,802
Land held for redevelopment	-	-	4,154,570	-	4,154,570
Prepaid expenses	30,171	-	-	-	30,171
Unreserved, reported in:					
General fund	15,317,927	-	-	-	15,317,927
Special revenue funds	-	-	-	18,065,349	18,065,349
Debt service funds	-	187,804	-	4,121,175	4,308,979
Capital projects funds	-	-	14,796,305	26,132,647	40,928,952
Total fund balances	<u>26,531,854</u>	<u>187,804</u>	<u>18,950,875</u>	<u>48,319,171</u>	<u>93,989,704</u>
Total liabilities and fund balance	<u>\$ 31,976,518</u>	<u>187,804</u>	<u>42,844,856</u>	<u>60,538,962</u>	<u>135,548,140</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
Governmental Funds
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
June 30, 2008

Total fund balances reported on the governmental funds balance sheet	\$ 93,989,704
--	---------------

Amounts reported for governmental activities in the Statement of Net Assets
are different because of the following:

CAPITAL ASSETS

Capital assets used in governmental activities are not current assets or financial
resources and therefore are not reported in the governmental funds

Capital assets	310,587,055
Accumulated depreciation	(69,616,613)

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal Service Funds are not governmental funds. However, they are used by
management to charge the costs of certain activities, such as insurance and
central services and maintenance to individual governmental funds. The net
current assets of the Internal Service Funds are therefore included in
governmental activities

389,151

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the fund balance sheets because they are not
available currently are taken into revenue in the Statement of Activities

Deferred revenue	13,559,626
Interest payable	(1,572,872)

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period
and therefore are not reported in the funds

Long-term debt	(91,189,119)
Compensated absences	<u>(6,790,128)</u>

NET ASSETS OF GOVERNMENTAL FUNDS	<u>\$ 249,356,804</u>
----------------------------------	-----------------------

See accompanying notes to basic financial statements

CITY OF HAYWARD
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	General	Debt Service	Redevelopment Agency Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 39,135,339	-	12,082,986	-	51,218,325
Sales tax	29,233,148	-	-	-	29,233,148
Other taxes	20,326,602	-	-	2,614,570	22,941,172
Licenses and permits	4,712,325	-	-	-	4,712,325
Fines and forfeitures	956,753	-	-	29,105	985,858
Special assessments	-	-	-	1,051,269	1,051,269
Investment income	578,215	128,462	2,092,134	2,073,700	4,872,511
Rental income	151,241	-	53,400	439,962	644,603
Intergovernmental	2,133,541	-	-	8,781,428	10,914,969
Charges for services	5,315,126	-	25,000	-	5,340,126
Developer fees	1,317,337	-	-	170,441	1,487,778
Park development fees	-	-	-	904,061	904,061
School District reimbursement	-	-	325,826	-	325,826
Other revenue	1,592,687	50,096	112,103	2,027,879	3,782,765
Total revenues	<u>105,452,314</u>	<u>178,558</u>	<u>14,691,449</u>	<u>18,092,415</u>	<u>138,414,736</u>
EXPENDITURES:					
Current:					
General government	11,639,480	-	-	-	11,639,480
Public safety	80,643,478	-	-	80,748	80,724,226
Public works and transportation	12,566,472	-	-	2,319,341	14,885,813
Community development	4,625,898	3,259	4,774,693	4,818,298	14,222,148
Culture and leisure	3,897,701	-	-	1,589,480	5,487,181
Capital outlay	50,750	-	24,664,921	6,330,718	31,046,389
Debt service:					
Principal	70,000	846,382	-	2,110,538	3,026,920
Interest and fiscal charges	19,450	2,146,431	-	3,020,595	5,186,476
Total expenditures	<u>113,513,229</u>	<u>2,996,072</u>	<u>29,439,614</u>	<u>20,269,718</u>	<u>166,218,633</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,060,915)</u>	<u>(2,817,514)</u>	<u>(14,748,165)</u>	<u>(2,177,303)</u>	<u>(27,803,897)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of long term debt	-	-	-	1,342,011	1,342,011
Issuance of refunding bonds	-	31,820,000	-	-	31,820,000
Payment to bond escrow agent	-	(26,931,872)	-	(4,252,611)	(31,184,483)
Transfers in (note 4)	6,707,747	2,196,356	2,053,023	10,154,108	21,111,234
Transfers out (note 4)	(5,605,661)	(4,574,055)	(4,997,649)	(4,510,230)	(19,687,595)
Total other financing sources (uses)	<u>1,102,086</u>	<u>2,510,429</u>	<u>(2,944,626)</u>	<u>2,733,278</u>	<u>3,401,167</u>
NET CHANGE IN FUND BALANCES	(6,958,829)	(307,085)	(17,692,791)	555,975	(24,402,730)
BEGINNING FUND BALANCES AS RESTATED (Note 18)	<u>33,490,683</u>	<u>494,889</u>	<u>36,643,666</u>	<u>47,763,196</u>	<u>118,392,434</u>
ENDING FUND BALANCES	<u>\$ 26,531,854</u>	<u>187,804</u>	<u>18,950,875</u>	<u>48,319,171</u>	<u>93,989,704</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
Reconciliation of the
Net Change in Fund Balances - Governmental Funds
with the
Statement of Activities
For the Year Ended June 30, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (24,402,730)

Amounts reported for governmental activities in the Statement of Activities is
are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlay as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
capital outlays exceeded depreciation in the current period.

Capital outlay	32,196,971
Depreciation expense	(6,533,610)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the Statement of Net Assets.
Repayment of bond principal is an expenditure in the governmental funds, but in
the Statement of Net Assets, the repayment reduces long-term liabilities.

Issuance of long-term debt	(33,162,011)
Repayment of debt principal	34,011,921

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or
require the use of current financial resources and therefore are not reported as
revenue or expenditures in governmental funds (net change)

New loans made	1,276,380
Compensated absences	(661,880)
Interest payable	(540,232)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used by management to charge the costs of certain
activities, such as equipment acquisition, maintenance, and insurance to individual
funds. The portion of the net revenue (expense) of these Internal Service Funds
arising out of their transactions with governmental funds is reported with
governmental activities because they service those activities

(1,046,956)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,137,853</u>
---	---------------------

See accompanying notes to the basic financial statements

CITY OF HAYWARD
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 25,680,000	36,810,000	39,135,339	2,325,339
Sales taxes	30,030,000	28,930,000	29,233,148	303,148
Other taxes	22,877,550	20,677,550	20,326,602	(350,948)
Licenses and permits	3,752,150	3,202,150	4,712,325	1,510,175
Fines and forfeitures	947,828	947,828	956,753	8,925
Investment income	700,000	700,000	578,215	(121,785)
Use of property	56,950	56,950	151,241	94,291
Intergovernmental	14,245,342	4,318,121	2,133,541	(2,184,580)
Charges for current services	3,179,809	2,929,809	5,315,126	2,385,317
Project revenues	-	-	1,317,337	1,317,337
Other revenue	3,484,100	3,484,100	1,592,687	(1,891,413)
Total revenues	104,953,729	102,056,508	105,452,314	3,395,806
EXPENDITURES:				
General government	11,212,292	12,046,719	11,639,480	407,239
Public safety	75,967,646	78,368,370	80,643,478	(2,275,108)
Public works and transportation	12,962,059	13,009,759	12,566,472	443,287
Community development	3,245,252	4,011,578	4,625,898	(614,320)
Culture and leisure	4,496,153	4,086,309	3,897,701	188,608
Capital outlay	225,000	463,021	50,750	412,271
Debt service:				
Principal	76,600	76,600	70,000	6,600
Interest and fiscal charges	19,450	19,450	19,450	-
Total expenditures	108,204,452	112,081,806	113,513,229	(1,431,423)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,250,723)	(10,025,298)	(8,060,915)	1,964,383
OTHER FINANCING SOURCES (USES):				
Transfers in	5,137,766	5,140,676	6,707,747	1,567,071
Transfers out	(5,725,461)	(5,725,831)	(5,605,661)	120,170
Total other financing sources (uses)	(587,695)	(585,155)	1,102,086	1,687,241
NET CHANGE IN FUND BALANCE	(3,838,418)	(10,610,453)	(6,958,829)	3,651,624
BEGINNING FUND BALANCE, AS RESTATED	33,490,683	33,490,683	33,490,683	-
ENDING FUND BALANCE	\$ 29,652,265	22,880,230	26,531,854	3,651,624

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2008.

Sewer Fund – Accounts for activities associated with sewage transmission and treatment.

Water Fund – Accounts for activities associated with distribution and transmission of potable water to users.

Airport Fund – Accounts for the operation, development and maintenance of the Hayward Air Terminal.

CITY OF HAYWARD
Proprietary Funds
Statement of Net Assets
June 30, 2008

	Business-Type Activities-Enterprise Funds					Governmental Activities-
				Other Enterprise Funds	Total	Internal Service Fund
ASSETS:	Sewer	Water	Airport			
Current assets:						
Cash and investments	\$ 40,670,459	48,028,752	13,757,923	862,346	103,319,480	3,478,880
Cash and investments with fiscal agent	2,803,574	2,015,129	-	-	4,818,703	947,797
Accounts receivable	3,193,624	5,090,299	15,974	85,574	8,385,471	26,696
Interest receivable	296,697	349,256	101,851	7,119	754,923	9,995
Due from other governments	-	-	1,172,302	-	1,172,302	-
Inventory	-	613,795	-	-	613,795	-
Prepaid expenses	8,051,402	-	-	-	8,051,402	347,683
Total current assets	<u>55,015,756</u>	<u>56,097,231</u>	<u>15,048,050</u>	<u>955,039</u>	<u>127,116,076</u>	<u>4,811,051</u>
Noncurrent assets:						
Other assets	459,733	263,119	217,650	-	940,502	-
Advances to other funds (note 4)	1,292,500	3,768,196	-	-	5,060,696	-
Investment in East Bay Discharges Authority	12,082,760	-	-	-	12,082,760	-
Capital assets:						
Land	1,830,143	1,086,727	244,302	372,748	3,533,920	-
Construction in progress	58,422,826	1,236,923	1,977,678	-	61,637,427	-
Capital assets being depreciated, net	49,837,278	47,256,291	13,068,605	535,927	110,698,101	6,195,863
Total noncurrent assets	<u>123,925,240</u>	<u>53,611,256</u>	<u>15,508,235</u>	<u>908,675</u>	<u>193,953,406</u>	<u>6,195,863</u>
Total assets	<u>178,940,996</u>	<u>109,708,487</u>	<u>30,556,285</u>	<u>1,863,714</u>	<u>321,069,482</u>	<u>11,006,914</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	574,879	1,450,088	357,067	26,296	2,408,330	509,319
Accrued interest	140,849	153,086	-	-	293,935	-
Accrued liabilities	68,493	81,960	16,663	44,968	212,084	5,906,577
Due to other funds (note 4)	-	398,101	-	-	398,101	802,336
Refundable deposits	2,792,614	1,442,845	103,150	59,768	4,398,377	-
Long term debt - due within one year	936,655	871,655	-	-	1,808,310	1,027,204
Total current liabilities	<u>4,513,490</u>	<u>4,397,735</u>	<u>476,880</u>	<u>131,032</u>	<u>9,519,137</u>	<u>8,245,436</u>
Noncurrent liabilities:						
Advances to other funds (note 4)	-	-	2,385,000	-	2,385,000	-
Accrued reclamation costs	237,853	-	-	-	237,853	-
Compensated absences	296,157	320,462	44,720	93,352	754,691	141,140
Long-term debt - due in more than one year	61,165,305	12,147,240	-	-	73,312,545	2,231,187
Total long-term liabilities	<u>61,699,315</u>	<u>12,467,702</u>	<u>2,429,720</u>	<u>93,352</u>	<u>76,690,089</u>	<u>2,372,327</u>
Total liabilities	<u>66,212,805</u>	<u>16,865,437</u>	<u>2,906,600</u>	<u>224,384</u>	<u>86,209,226</u>	<u>10,617,763</u>
NET ASSETS:						
Invested in capital assets, net of related debt	47,988,287	36,561,046	15,290,585	908,675	100,748,593	2,937,472
Unrestricted	64,739,904	56,282,004	12,359,100	730,655	134,111,663	(2,548,321)
Total net assets	<u>\$ 112,728,191</u>	<u>92,843,050</u>	<u>27,649,685</u>	<u>1,639,330</u>	<u>234,860,256</u>	<u>389,151</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Sewer	Water	Airport	Other Enterprise Funds	Totals	
OPERATING REVENUES:						
Charges for services	\$ 18,664,881	5,092,652	2,669,092	3,004,761	29,431,386	8,607,880
Sale of water	-	22,008,811	-	-	22,008,811	-
Miscellaneous	306,012	118,462	4,966	8,221	437,661	17,947
Total operating revenues	<u>18,970,893</u>	<u>27,219,925</u>	<u>2,674,058</u>	<u>3,012,982</u>	<u>51,877,858</u>	<u>8,625,827</u>
OPERATING EXPENSES:						
Salaries and related expenses	5,466,841	5,107,133	951,060	1,796,856	13,321,890	2,064,893
Materials, supplies and services	5,504,592	4,588,887	651,886	465,336	11,210,701	2,979,901
Repairs and maintenance	463,794	499,703	164,777	423,102	1,551,376	318,709
Water purchases	-	12,700,193	-	-	12,700,193	-
Self-funded insurance expenses	-	-	-	-	-	4,601,340
Depreciation	2,848,916	2,047,400	800,428	43,163	5,739,907	1,273,514
Total operating expenses	<u>14,284,143</u>	<u>24,943,316</u>	<u>2,568,151</u>	<u>2,728,457</u>	<u>44,524,067</u>	<u>11,238,357</u>
Operating income	<u>4,686,750</u>	<u>2,276,609</u>	<u>105,907</u>	<u>284,525</u>	<u>7,353,791</u>	<u>(2,612,530)</u>
NONOPERATING REVENUES (EXPENSES):						
Interest income	2,048,821	2,556,674	685,961	24,249	5,315,705	239,820
Interest expense	(966,003)	(641,726)	(76,017)	-	(1,683,746)	(133,830)
Intergovernmental	-	-	1,172,302	-	1,172,302	-
Gain (loss) on sale of capital assets	-	-	251,354	-	251,354	53,845
Loss from equity investment	(70,553)	-	-	-	(70,553)	-
Total nonoperating revenues (expenses)	<u>1,012,265</u>	<u>1,914,948</u>	<u>2,033,600</u>	<u>24,249</u>	<u>4,985,062</u>	<u>159,835</u>
Income before transfers	<u>5,699,015</u>	<u>4,191,557</u>	<u>2,139,507</u>	<u>308,774</u>	<u>12,338,853</u>	<u>(2,452,695)</u>
TRANSFERS:						
Transfers in (note 4)	-	5,495	-	391,136	396,631	2,091,641
Transfers out (note 4)	(1,022,826)	(1,111,139)	(793,426)	(298,618)	(3,226,009)	(685,902)
Net transfers	<u>(1,022,826)</u>	<u>(1,105,644)</u>	<u>(793,426)</u>	<u>92,518</u>	<u>(2,829,378)</u>	<u>1,405,739</u>
Changes in net assets	4,676,189	3,085,913	1,346,081	401,292	9,509,475	(1,046,956)
BEGINNING NET ASSETS AS RESTATED (note 18)	<u>108,052,002</u>	<u>89,757,137</u>	<u>26,303,604</u>	<u>1,238,038</u>	<u>225,350,781</u>	<u>1,436,107</u>
ENDING NET ASSETS	<u>\$ 112,728,191</u>	<u>92,843,050</u>	<u>27,649,685</u>	<u>1,639,330</u>	<u>234,860,256</u>	<u>389,151</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2008

	Business-Type Activities-Enterprise Funds					Governmental Activities-
	Non-Major					Internal
	Sewer	Water	Airport	Enterprise Funds	Totals	Service Fund
Cash flows from operating activities:						
Cash received from customers	\$ 18,440,916	27,538,277	1,494,966	2,925,326	50,399,485	8,587,085
Cash payments to suppliers for goods and services	(9,862,333)	(17,195,045)	(621,845)	(851,740)	(28,530,963)	(3,161,518)
Cash payments to employees for services	(5,456,739)	(5,085,011)	(956,052)	(1,806,232)	(13,304,034)	(2,061,831)
Claims paid	-	-	-	-	-	(4,300,783)
Net cash provided by (used for) operating activities	<u>3,121,844</u>	<u>5,258,221</u>	<u>(82,931)</u>	<u>267,354</u>	<u>8,564,488</u>	<u>(937,047)</u>
Cash flows from noncapital financing activities:						
Cash received from other funds	-	5,495	1,172,302	391,136	1,568,933	2,091,641
Cash paid to other funds	<u>(1,022,826)</u>	<u>(1,111,139)</u>	<u>(878,426)</u>	<u>(298,618)</u>	<u>(3,311,009)</u>	<u>(756,911)</u>
Net cash provided by (used for) noncapital financing activities	<u>(1,022,826)</u>	<u>(1,105,644)</u>	<u>293,876</u>	<u>92,518</u>	<u>(1,742,076)</u>	<u>1,334,730</u>
Cash flows from capital and related financing activities:						
Cash paid for acquisition and construction of capital assets	(13,006,265)	(389,125)	(1,552,580)	-	(14,947,970)	(1,274,649)
Proceeds of long-term debt	22,796,658	-	-	-	22,796,658	242,433
Principal paid on debt	(11,984,310)	(834,310)	-	-	(12,818,620)	-
Interest paid on debt	(966,003)	(641,726)	(76,017)	-	(1,683,746)	(133,830)
Gain (loss) on disposal of capital assets	-	-	251,354	-	251,354	53,845
Net cash provided by (used for) capital and related financing activities	<u>(3,159,920)</u>	<u>(1,865,161)</u>	<u>(1,377,243)</u>	<u>-</u>	<u>(6,402,324)</u>	<u>(1,112,201)</u>
Cash flows from investing activities:						
Interest received on investments	<u>3,740,800</u>	<u>2,557,484</u>	<u>685,961</u>	<u>24,249</u>	<u>7,008,494</u>	<u>239,820</u>
Net cash provided by (used for) investing activities	<u>3,740,800</u>	<u>2,557,484</u>	<u>685,961</u>	<u>24,249</u>	<u>7,008,494</u>	<u>239,820</u>
Net increase (decrease) in cash and cash equivalents	2,679,898	4,844,900	(480,337)	384,121	7,428,582	(474,698)
Cash and cash equivalents at beginning of year	<u>37,941,799</u>	<u>43,125,692</u>	<u>14,226,660</u>	<u>478,225</u>	<u>95,772,376</u>	<u>3,946,007</u>
Cash and cash equivalents at end of year	<u>\$ 40,621,697</u>	<u>47,970,592</u>	<u>13,746,323</u>	<u>862,346</u>	<u>103,200,958</u>	<u>3,471,309</u>

(Continued)

See accompanying notes to basic financial statements

CITY OF HAYWARD
Proprietary Funds
Statement of Cash Flows
(Continued)

	Business-Type Activities-Enterprise Funds					Governmental Activities-
				Non-Major		Internal
	Sewer	Water	Airport	Enterprise Funds	Totals	Service Fund
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income	\$ 4,686,750	2,276,609	105,907	284,525	7,353,791	(2,612,530)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	2,848,916	2,047,400	800,428	43,163	5,739,907	1,273,514
(Increase) decrease in accounts receivable	(583,718)	(770,149)	(9,540)	(87,656)	(1,451,063)	(10,763)
(Increase) decrease in inventory	-	(76,625)	-	-	(76,625)	-
(Increase) decrease in due from other governments	263,281	470,000	(1,172,302)	-	(439,021)	-
(Increase) decrease in prepaid expenses	(1,685,592)	-	-	-	(1,685,592)	-
(Increase) decrease in other assets	(209,540)	220,400	2,750	-	13,610	(21,547)
Increase (decrease) in accounts payable and accrued liabilities	(2,127,996)	1,243,731	193,023	(37,977)	(729,219)	431,217
Increase (decrease) in compensated absences	10,102	22,122	(4,992)	(9,376)	17,856	3,062
Increase (decrease) in due to other governments	-	398,101	-	-	398,101	-
Increase (decrease) in claims payable	-	-	-	22,034	22,034	-
Increase (decrease) in refundable deposits	(52,283)	(341,368)	4,909	52,641	(336,101)	-
Increase (decrease) in deferred revenue	-	(232,000)	(3,114)	-	(235,114)	-
Increase (decrease) in reclamation costs	(28,076)	-	-	-	(28,076)	-
Total adjustments	(1,564,906)	2,981,612	(188,838)	(17,171)	1,210,697	1,675,483
Net cash provided by operating activities	\$ 3,121,844	5,258,221	(82,931)	267,354	8,564,488	(937,047)

There were no significant nonacash investing or financing activities for the year ended June 30, 2008.

See accompanying notes to basic financial statements

CITY OF HAYWARD
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2008

ASSETS:

Cash and investments (note 2)	\$ 2,287,546
Cash and investments with fiscal agent (note 2)	20,834
Interest receivable	<u>14,815</u>
 Total assets	 <u>\$ 2,323,195</u>

LIABILITIES:

Accounts payable	\$ 1,281
Refundable deposits	<u>2,321,914</u>
 Total liabilities	 <u>\$ 2,323,195</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD



Footnotes

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity - The City of Hayward, California (the "City") was originally incorporated as the Town of Hayward in 1876. On March 7, 1956, the people of the City adopted a City Charter under which the City currently operates. The City maintains a Council-Manager form of government and is governed by an independently elected seven-member City Council. The City provides the following services as authorized by its charter: public safety (police, fire, and building inspection), highways and streets, sanitation, water, airport, social services, public improvements, planning library and zoning, and general administrative services.

Reporting Entity - The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. The City Council sits in a different capacity as the governing boards of the following entities. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. This City's component units which are described below are all blended.

- *The Redevelopment Agency of the City of Hayward* (the "Redevelopment Agency") was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000), primarily to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the City. The Downtown Hayward Redevelopment Project Area (comprised of the downtown area of the City) was established under the Redevelopment Plan (the "Plan"), which was adopted in December 1975 and amended in 1994. The stated purpose of the Plan is to provide an improved physical, social and economic environment in the Project Area. Operating activities of the Redevelopment Agency are included as a capital projects fund of the City, while debt service payments and interest income and expenditures are recorded as a debt service fund of the City.
- *Hayward Public Financing Authority (the "Authority")* - In May 1989, the City and the Redevelopment Agency entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California, thereby forming the Authority for the purpose of financing certain capital improvements within the City. These capital improvements are leased to the City for rental payments, which, together with restricted assets of the Authority, will be sufficient to meet the debt service obligations of the Authority. At the termination of the individual leases, title to the related improvements will pass to the City. Operating activities of the Authority are recorded as an enterprise fund of the City.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *The Hayward Business Improvement District (the "District")* was established in 1984 to collect certain charges imposed on businesses within the downtown business improvement district and to expend such monies on activities, which enhance the district as a shopping and business center. Operating activities of the District are included as a special revenue fund of the City.
- *The Hayward Housing Authority ("Housing Authority")* was originally established in 1946. The Housing Authority is only a conduit to issue housing mortgage revenue bonds for developers, whereby such developers are entirely responsible for meeting the related debt obligations and where the funds raised through such housing mortgage revenue bond issues are used to finance multifamily rental housing developments. A certain percentage of housing units being financed must be for low and moderate income purposes. The Housing Authority is paid a fee by the benefited developers for issuing the bonds and for monitoring the occupancy of these housing developments. This activity is recorded as a special revenue fund of the City.

The City participates in a joint venture, the East Bay Dischargers Authority ("EBDA"), which is not included in the accompanying basic financial statements as it is administered by a board separate from and independent of the City. EBDA is also fiscally independent of the City (see Note 17).

Complete financial statements of the certain component units and the joint venture can be obtained from:

City of Hayward
Finance Department, 3rd Floor
777 B Street
Hayward, California 94541

Basis of Presentation - The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category— *governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Funds - Governmental Accounting Standards Board requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

Debt Service Fund - Accounts for transfers of revenue from the general and capital projects funds for payment of interest and principal of certificates of participation.

Redevelopment Agency Capital Projects Fund - Accounts for property tax increment revenues used for capital projects connected with downtown redevelopment.

The City reported all the following proprietary-enterprise funds as major funds in the accompanying financial statements:

Sewer Fund - Accounts for activities associated with sewage transmission and treatment.

Water Fund - Accounts for activities associated with distribution and transmission of potable water to users.

Airport Fund - Accounts for the operation, development and maintenance of the Hayward Air Terminal.

The City also reports the following fund types:

Internal Service funds

These funds account for workers' compensation reimbursable costs, risk management expenses, self-insurance costs, and operation, maintenance and replacement of vehicles and mobile radio units; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary funds

These funds account for assets held by the City in trust or as an agent for various assessment and community facilities districts. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting - The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end with some revenues having a ninety day availability period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest and charges for services.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City follows Statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

Budgets and Budgetary Accounting — The City adopts an annual operating budget on or before June 30 for the ensuing fiscal year for the General Fund; all Special Revenue Funds, except the Federal Rental Rehabilitation Grant and the Gates Learning Foundation Grant Funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental fund types. The level of budgetary control within all governmental fund types is at the fund level. The City Council may amend the budget by resolution during the fiscal year. The City Manager may transfer appropriations from one program, activity, or object to another within the same fund without the approval of the City Council. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

The City also adopts budgets annually for its other capital projects funds. Such budgets are based on a project time frame, rather than a fiscal year "operating" time frame, reappropriating unused appropriations from year to year until project completion.

At June 30, 2008 expenditures exceeded budget for the following funds:

<u>Fund Name</u>	<u>Amount</u>
Park Dedication Ordinance	\$679,224
Business Improvement	424
Narcotics Asset Seizure	60,748
Park Maintenance District	596,060
HOME	1,491
Motorola Police Radio	111,491
Measure B Pedestrian	249,455
Debt Service Fund	2,206,732
Traffic Signal Capital Projects Fund	160,035
Local Improvement 16 Capital Projects Fund	7,706

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory of the General Fund consist of expendable supplies held for consumption and are valued at cost (first-in, first-out). The cost is recorded as an expenditure in the General Fund at the time individual items are consumed. Reported General Fund supplies are equally offset by a fund balance reservation which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Supplies of enterprise funds are valued at the lower of cost (first-in, first-out) or market. Supplies of the enterprise funds consist principally of materials and supplies for utility operations and are expensed or capitalized as such supplies are consumed.

Land held for redevelopment of \$4,154,570 at June 30, 2008 is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the Redevelopment Agency of the City of Hayward. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the Project Area.

Property taxes — Alameda County assesses properties and bills for and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Vested Vacation, Time Off in Lieu of Overtime and Sick Pay - The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash with fiscal agent so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

Policies - The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the City's case, fair value equals fair market value, since all of the City's investments are readily marketable.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral. As of June 30, 2008, the City held \$5,090,931 in uncollateralized deposits under escrow agreements with construction contractors. Such deposits are permitted to be uncollateralized under the government code.

The City maintains a cash management pool that is available for use by all funds. Each fund type's portion of the pool is shown on the combined balance sheet as "Cash and investments available for operations," or "Due to other funds" (for cash overdrafts), as appropriate.

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Classification — As of June 30, 2008 cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Statement of Net Assets:

Cash and investments	\$ 192,848,271
Cash and investments with fiscal agent	<u>17,774,354</u>
Total City Cash and Investments	<u>210,622,625</u>

Fiduciary Funds:

Cash and investments	2,287,546
Cash and investments with fiscal agent	<u>20,834</u>
Total Fiduciary Cash and Investments	<u>2,308,380</u>
Total Cash and Investments	<u><u>\$ 212,931,005</u></u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 5,533
Deposits with financial institutions	6,610,299
Investments	<u>206,315,173</u>
Total cash and investments	<u><u>\$ 212,931,005</u></u>

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy -

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	4 years	N/A	None	None
U.S. Government Agency Obligations	4 years	N/A	None	None
U.S. Government Sponsored Obligations	4 years	N/A	50%	20%
Bankers Acceptances	180 days	A-1	40%	30%
Certificates of Deposit	4 years	A-1 to A	25%	20%
Commercial Paper	270 days	A-1	15%	10%
Medium Term Corporate Notes	4 years	A to AA	30%	20%
Asset-Backed Corporate Notes	4 years	A	20%	10%
Repurchase Agreements	1 year	N/A	20%	20%
Reverse Repurchase Agreements	92 days	A-1 to A	20%	20%
Negotiable Certificates of Deposit	4 years	A to AA	30%	20%
Money Market Funds	2 years	AAA	20%	10%
County Agency Investment Fund	N/A	N/A	15%	10%
California Local Agency Investment Fund	N/A	N/A	None	None

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements - The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
U.S. Treasury Obligations	No limit	No limit
U.S. Government Agency Obligations	No limit	No limit
U.S. Government Sponsored Obligations	No limit	None to AAA
Money Market Mutual Funds	No limit	AAm to AAAm-G
Collateralized Certificates of Deposits	None to 1 year	None to A-1+
FDIC Insured Deposits	No limit	No limit
Investment Agreements	No limit	None to Two Highest Categories
Commercial Paper	None to 270 days	A-1 to A-1+
State General Obligations	No limit	A/A2 to Two Highest Categories
Municipal Obligations	No limit	AAA to Two Highest Categories
Federal Funds or Bankers Acceptances	180 days to 1 year	A-1 to A-1+
Repurchase Agreements	None to 30 days	None to A
Pre-refunded Municipal Bonds	No limit	AAA
California Local Agency Investment Fund	No limit	No limit

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 months or less	12 to 24 months	Over 2 years	Total
<i>Held by City:</i>				
U.S. Government sponsored obligations				
Non-callable	\$ -	24,770,000	-	24,770,000
Callable	-	-	47,036,169	47,036,169
Medium Term Notes				
Non-callable	-	26,502,089	-	26,502,089
Negotiable Certificates of Deposit	5,000,000	-	-	5,000,000
Commercial Paper	5,000,000	-	-	5,000,000
California Local Agency Investment Fund	86,800,000	-	-	86,800,000
<i>Held by Trustees:</i>				
Money Market Mutual Funds (U.S. Securities)	3,937,474	-	-	3,937,474
U.S. Government Agencies				
Non-callable	499,455	-	-	499,455
U.S. Treasury Bills and Notes	824,543	-	-	824,543
Investment Agreements	<u>1,384,141</u>	<u>-</u>	<u>4,561,302</u>	<u>5,945,443</u>
 Total Investments	 <u>\$ 103,445,613</u>	 <u>51,272,089</u>	 <u>51,597,471</u>	 <u>206,315,173</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2008 for each investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA/ AAAm	AA+ to AA-	A-1	Total
Held by City:				
U.S. Government sponsored obligations				
Non-callable	\$24,770,000	-	-	24,770,000
Callable	47,036,169	-	-	47,036,169
Medium Term Notes				
Non-callable	12,827,089	13,675,000	-	26,502,089
Negotiable Certificates of Deposit	-	-	5,000,000	5,000,000
Commercial Paper	-	-	5,000,000	5,000,000
Money Market Mutual Funds (U.S. Securities)	-	-	-	-
Held by Trustees:				
Money Market Mutual Funds (U.S. Securities)	-	3,937,474	-	3,937,474
U.S. Government Agencies				
Non-callable	499,455	-	-	499,455
Total Investments	<u>\$85,132,713</u>	<u>17,612,474</u>	<u>10,000,000</u>	112,745,187
Not rated:				
California Local Agency Investment Fund				86,800,000
Investment Agreements				5,945,443
Exempt from credit rating disclosures:				
U.S. Treasury Bills and Notes				<u>824,543</u>
				<u>\$206,315,173</u>

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Significant investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, are set forth below:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
<i>Entity Wide:</i>			
	Federal Farm Credit Bank	Federal Agency Securities	\$ 31,338,085
	Federal Home Loan Bank	Federal Agency Securities	40,468,085
<i>Major Fund:</i>			
General	Bank of America Corp	Negotiable CD	5,000,000
General	UBS Financial	Commercial Paper	5,000,000
Redevelopment Agency Capital Projects	Pallas Capital Corp	Investment Agreement	5,321,615

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments of \$206 million, the government has a custodial credit risk of \$5 million because the related securities are issued and held by the City's broker. The City does not have a specific policy related to custodial credit risk.

3. REDEVELOPMENT ACTIVITIES

Loans Receivable - In order to carry out low and moderate housing programs, Redevelopment low and moderate income housing funds were loaned to homebuyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to either the 11th District cost of funds or the rate the City earns on its cash and investments.

Huntwood Commons Apartments — The City has a loan agreement with Eden Housing, Inc., a California nonprofit public benefit corporation. Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-income households and one manager's unit. The loans are in the amount of \$840,000 consisting of HOME funds and \$175,500 consisting of Workforce Housing Reward funds. At June 30, 2008 the principal balances outstanding for the HOME and Workforce Housing Reward loan funds were \$840,000 and \$175,500, respectively. The outstanding principal balance of the loan funds will accrue interest at a rate of 3% annually. Repayments of the principal amount of the loan and any accrued interest on such principal shall be deferred until April 30, 2062.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

3. REDEVELOPMENT ACTIVITIES (Continued)

The City also pools certain funds received from the U.S. Department of Housing and Urban Development and the State of California Department of Housing and Community Development, and administrative fees received from owners of multifamily projects funded by mortgage revenues bonds sponsored by the City. These monies are loaned to businesses, nonprofit and for-profit housing developers and to qualified first-time homebuyers for the above purposes. Loans receivable are offset in fund financial statements by deferred revenue in the Funds providing the loans, as these loans are not expected to be collected in the next year.

Elementary School and Public Improvements (Cannery/Burbank Project) - Pursuant to an agreement between the Agency, City, the Hayward Area Park and Recreation District (HARD) and the Hayward Unified School District, the City has agreed to construct and the Agency has agreed to pay for the design and construction of a new elementary school to be located on a site composed of parcels owned by the Agency. Upon completion of the school, the site and improvements are to be conveyed by the Agency to the School District in exchange for a portion of the current school site owned by the School District. As part of this transaction, a portion of the current school site owned by the School District will be conveyed to the Agency. The Agency has also agreed to deconstruct the current school site and advance funds to HARD to finance the cost of certain improvements to the adjacent Cannery Park, jointly used by HARD and the School District.

To partially compensate the Agency for the above design and construction costs and repay the advances, the School District, HARD and the City have agreed to assign certain school development fees and park in lieu fees, respectively, to the Agency. In addition, the School District has agreed that the Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code as partial compensation for the above costs. At June 30, 2008, the Agency retained \$167,818 in pass-through payments due to the School District. The Agency also received developer contributions of \$5 million to assist with the financing of the Burbank School project. The Agency's commitments under the agreement are presented below:

As of June 30, 2008, the Agency had accumulated land held for redevelopment and construction in progress amounting \$4,154,570 and \$41,180,234, respectively.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS

Transfers Between Funds — With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2008 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	
General Fund	Certificates of Participation	\$ 2,196,356	A
	Non-Major Governmental Funds	1,464,391	A
	Non-Major Enterprise Fund	391,136	A
	Internal Service Funds	1,553,778	C
		<u>5,605,661</u>	
Redevelopment Agency Capital Project Fund	General Fund	1,028,830	D
	Water Enterprise Fund	5,495	D
	Non-Major Governmental Funds	3,963,324	A
		<u>4,997,649</u>	
Debt Service Fund	General Fund	303,736	D
	Non-Major Governmental Funds	4,270,319	A
		<u>4,574,055</u>	
Sewer	General Fund	737,969	D
	Non-Major Governmental Funds	75,000	E
	Internal Service Funds	209,857	C
		<u>1,022,826</u>	
Water	General Fund	939,056	D
	Internal Service Funds	172,083	C
		<u>1,111,139</u>	
Airport	General Fund	740,962	D
	Internal Service Funds	52,464	C
		<u>793,426</u>	
Non-Major Governmental Funds	General Fund	2,050,321	E
	Redevelopment Agency Capital Projects Fund	2,053,023	B
	Non-Major Governmental Funds	381,074	A
	Internal Service Funds	25,812	C
		<u>4,510,230</u>	

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS (Continued)

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	
Non-Major Enterprise Funds	General Fund	265,251	D
	Internal Service Funds	33,367	C
		<u>298,618</u>	
Internal Service Funds	General Fund	641,622	D
	Internal Service Funds	44,280	C
		<u>685,902</u>	
		<u>\$ 23,599,506</u>	

- A To fund debt service, capital projects and administrative overhead
- B To fund capital projects
- C To fund general liability insurance fund
- D To fund allocation of administrative overhead
- E To fund capital projects and public safety activities

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after end of the fiscal year. At June 30, 2008 interfund balances were as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	\$ 47,254
	Water Fund	398,101
	Internal Service Funds	<u>802,336</u>
		<u>\$ 1,247,691</u>

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS (Continued)

Long-Term Interfund Advances - At June 30, 2008, the funds below had made advances that were not expected to be repaid within the next year.

	<u>Long-Term Interfund Receivable</u>	<u>Long-Term Interfund Payable</u>
General Fund	\$ 10,386,217	-
Redevelopment Agency		
Capital Projects Fund	-	13,061,913
Enterprise Funds		
Sewer	1,292,500	-
Water	3,768,196	-
Airport	<u>-</u>	<u>2,385,000</u>
Total	<u>\$ 15,446,913</u>	<u>15,446,913</u>

In fiscal year 2002, the Water Enterprise Fund loaned \$2.89 million to the Airport Enterprise Fund bearing interest at between 3% to 4.75%, due in annual installments until October 2026. As of June 30, 2008 the outstanding loan balance is \$2,385,000.

During fiscal year 2003, the Sewer Enterprise Fund loaned \$2.35 million to the Redevelopment Agency pursuant to a City Council resolution to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00% which is repaid quarterly. Principal is repayable over a five year period commencing the fourth quarter of fiscal year 2006. As of June 30, 2008, the outstanding loan balance is \$1,292,500.

In fiscal year 1990, the Water Enterprise Fund loaned \$5,946,333 to the Redevelopment Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues. As of June 30, 2008, the outstanding loan balance is \$1,383,196.

Funds have been advanced under an Amended Repayment Agreement whereby the Redevelopment Agency has agreed to reimburse the City for a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza not to exceed \$11,186,217. The Agency is to pay annual installments of \$800,000 July 1 of each year and interest will accrue on the unpaid principal balance at a rate equal to the average rate earned by the City on moneys invested in LAIF for the applicable fiscal year. Interest shall accrue and be added to the principal balance June 30 of each year. As of June 30, 2008, the balance of the agreement is \$10,386,217.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS (Continued)

Internal Balances - Internal balances are presented only in the Government-wide financial statements. They represent the net interfund receivable and payables remaining after the elimination of all such balances within governmental and business-type activities.

5. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding \$1,000 and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the City has recorded all current year additions for its public domain (infrastructure) capital assets, which include traffic signals, medians and streets in its Government—wide financial statements. In fiscal year 2003, as allowed under GASB Statement 34, the City implemented the retroactive accounting for its infrastructure assets acquired in prior years.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of the assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City begins depreciation on July 1st of the year following acquisition. The City has assigned the useful lives listed below to capital assets.

Buildings and improvements	10- 50 years
Machinery and equipment	7 - 50 years
Streets	25 - 40 years
Traffic Signals	20 years
Medians	25-40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

Capital Asset Additions and Retirements – Capital assets at June 30 comprise:

	<u>Balances at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balances at June 30, 2008</u>
Governmental activities					
Capital assets, not depreciated:					
Land	\$ 10,877,024	-	-	-	10,877,024
Construction in Progress	37,723,602	32,039,738	-	(21,316,219)	48,447,121
Total capital assets, not depreciated	48,600,626	32,039,738	-	(21,316,219)	59,324,145
Capital assets, being depreciated					
Buildings and improvements	57,685,722	1,371	-	7,110,731	64,797,824
Improvements other than buildings	8,522,076	-	-	772,165	9,294,241
Machinery and equipment	33,190,876	1,503,459	(604,684)	2,188,578	36,278,229
Streets	133,920,168	-	-	11,244,745	145,164,913
Traffic Signal	7,257,235	-	-	-	7,257,235
Conduits	1,540,569	-	-	-	1,540,569
Medians	3,425,279	-	-	-	3,425,279
Drains	2,994,000	-	-	-	2,994,000
Total cost of depreciable assets	248,535,925	1,504,830	(604,684)	21,316,219	270,752,290
Less accumulated depreciation:					
Buildings and improvements	16,344,305	1,305,304	-	-	17,649,609
Improvements other than buildings	2,995,435	327,031	-	-	3,322,466
Machinery and equipment	21,747,117	2,165,201	(582,734)	-	23,329,584
Streets	29,341,743	3,362,637	-	-	32,704,380
Traffic Signal	2,766,599	339,842	-	-	3,106,441
Medians	1,160,049	85,631	-	-	1,245,680
Conduits	738,921	71,778	-	-	810,699
Drains	540,573	149,700	-	-	690,273
Total accumulated depreciation	75,634,742	7,807,124	(582,734)	-	82,859,132
Net depreciable assets	172,901,183	(6,302,294)	(21,950)	21,316,219	187,893,158
Capital assets, net	<u>\$ 221,501,809</u>	<u>25,737,444</u>	<u>(21,950)</u>	<u>-</u>	<u>247,217,303</u>

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

	Balance at June 30, 2007	Additions	Retirements	Transfers	Balance at June 30, 2008
Business-type activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 3,533,920	-	-	-	3,533,920
Construction in progress	49,158,100	14,837,831	(1,323)	(2,357,181)	61,637,427
Total capital assets not being depreciated	52,692,020	14,837,831	(1,323)	(2,357,181)	65,171,347
Capital assets being depreciated:					
Buildings	25,887,766	-	-	-	25,887,766
Improvements other than buildings	58,417	-	-	-	58,417
Machinery and equipment	32,238,307	114,275	(7,449)	8,805	32,353,938
Sewer pipelines and other infrastructure	61,130,813	-	-	242,938	61,373,751
Water pipelines and other infrastructure	59,133,666	-	-	97,226	59,230,892
Airport hangers, tarmacs and other infrastructure assets	19,948,831	-	-	2,008,212	21,957,043
Total capital assets being depreciated	198,397,800	114,275	(7,449)	2,357,181	200,861,807
Less accumulated depreciation for:					
Buildings	16,595,818	527,406	-	-	17,123,224
Improvements other than buildings	58,417	-	-	-	58,417
Machinery and equipment	20,578,959	1,098,597	-	-	21,677,556
Sewer pipelines and other infrastructure	19,978,956	1,693,735	-	-	21,672,691
Water pipelines and other infrastructure	18,485,324	1,720,192	-	-	20,205,516
Airport hangers, tarmacs and other	8,730,920	695,382	-	-	9,426,302
Total accumulated depreciation	84,428,394	5,735,312	-	-	90,163,706
Net capital assets being depreciated	113,969,406	(5,621,037)	(7,449)	2,357,181	110,698,101
Business-type activity capital assets, net	<u>\$ 166,661,426</u>	<u>9,216,794</u>	<u>(8,772)</u>	<u>-</u>	<u>175,869,448</u>

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

Governmental capital assets construction in progress was composed of the following at June 30, 2008:

	Project Budget	Expended to June 30, 2008	Encumbered	Committed
Land	\$ 3,443,016	3,443,016	-	-
Buildings	31,608,137	27,697,699	3,753,947	156,491
Improvement other than buildings	6,170,262	5,671,604	-	498,658
Machinery and equipment	99,955	50,998	48,957	-
Streets	<u>19,899,800</u>	<u>11,583,804</u>	<u>4,780,486</u>	<u>3,535,510</u>
Total	<u>\$ 61,221,170</u>	<u>48,447,121</u>	<u>8,583,390</u>	<u>4,190,659</u>

A Summary of enterprise fund construction in progress at June 30, 2008 follows:

	Project Budget	Expended to June 30, 2008	Encumbered	Committed
Sewer Enterprise Fund	\$ 70,738,889	58,422,826	1,302,616	11,013,449
Water Enterprise Fund	22,652,711	1,236,923	111,809	21,303,979
Airport Enterprise Fund	<u>3,529,000</u>	<u>1,977,678</u>	<u>366,714</u>	<u>1,184,608</u>
Total	<u>\$ 96,920,600</u>	<u>61,637,427</u>	<u>1,781,139</u>	<u>33,502,036</u>

Sewer facilities constructed for the sole use of the City by EBDA, including construction in progress, are included in capital assets at their full construction cost.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

Capital Asset Contributions — Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GAAP requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

Depreciation Allocation — Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities

General Government	\$4,992,469
Public Safety	916,556
Public Works and Transportation	1,550,529
Community Development	237,628
Culture and Leisure	109,942
	<u>\$7,807,124</u>

Business-Type Activities

Sewer Fund	\$2,848,955
Water Fund	2,042,766
Airport Fund	800,428
Centennial Hall Maintenance and Operations Fund	40,190
Stormwater Fund	2,973
	<u>\$5,735,312</u>

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT

The City's long-term debt issues and transactions are summarized below:

Type of Obligation	Balance June 30, 2007	Additions	Retirements	Outstanding at June 30, 2008	Current Portion
Governmental Activity Debt:					
Certificates of Participation					
1996 Civic Center Project	\$ 27,525,000	-	27,525,000	-	-
1997 Refunding COP Capital Projects	4,570,000	-	4,570,000	-	-
2007 Refunding COP	-	31,820,000	-	31,820,000	1,390,000
Lease Revenue Bonds					
ABAG Series 2001-2	1,908,590	-	371,380	1,537,210	356,690
Capital Lease Obligations					
Boys and Girls Club	1,014,077	-	87,077	927,000	91,181
Solar Power Generator Equipment	1,000,000	-	25,000	975,000	25,000
Computer Mainframe Equipment	378,848	-	94,872	283,976	99,230
Police Motorola Radios	257,512	41,084	54,833	243,763	56,154
VOIP Equipment	-	1,300,927	73,759	1,227,168	474,779
Tax Allocation Bonds					
2004 Redevelopment Agency	43,585,000	-	1,210,000	42,375,000	1,270,000
2006 Redevelopment Agency	11,800,000	-	-	11,800,000	-
Subtotal	<u>92,039,027</u>	<u>33,162,011</u>	<u>34,011,921</u>	<u>91,189,117</u>	<u>3,763,034</u>
Internal Service Fund Long Term Debt - Revenue Bonds					
ABAG Series 2001-2	1,160,000	-	330,000	830,000	225,000
Capital Lease Obligations					
Public works vehicles	241,241	-	159,615	81,626	81,626
Trucks, Van, Loader & Cutter Equipment	264,092	-	103,136	160,956	106,453
Trucks, Pickup, Cars	1,350,625	-	318,256	1,032,369	330,854
City Vehicles	<u>-</u>	<u>1,290,863</u>	<u>137,423</u>	<u>1,153,440</u>	<u>283,272</u>
Subtotal	<u>3,015,958</u>	<u>1,290,863</u>	<u>1,048,430</u>	<u>3,258,391</u>	<u>1,027,205</u>
Compensated Absences	<u>6,266,326</u>	<u>5,703,670</u>	<u>5,038,726</u>	<u>6,931,270</u>	<u>5,545,016</u>
Total Government Activity Debt	<u>\$ 101,321,311</u>	<u>40,156,544</u>	<u>40,099,077</u>	<u>101,378,778</u>	<u>10,335,255</u>

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

Type of Obligation	Balance June 30, 2007	Additions	Retirements	Outstanding at June 30, 2008	Current Portion
Business-type Activity Debt:					
<i>Enterprise Long Term Debt</i>					
Revenue Bonds					
Hayward Public Financing Authority, Series 1996	\$ 3,240,000	-	385,000	2,855,000	410,000
ABAG Series 2001-2	786,410	-	118,620	667,790	123,310
Certificates of Participation					
Hayward Public Financing Authority					
1996 Sewer System Improvement Project	6,190,000	-	6,190,000	-	-
1998 Sewer System Refunding and Improvement Project	4,835,000	-	4,835,000	-	-
2001 Water System Improvement Project	3,615,000	-	300,000	3,315,000	310,000
2004 Water System Improvement Project	6,605,000	-	90,000	6,515,000	90,000
2007 Sewer Refunding	-	9,880,000	900,000	8,980,000	875,000
State Water Resource Control Board Loan					
	39,871,407	12,916,658	-	52,788,065	-
Compensated Absences	<u>736,835</u>	<u>798,849</u>	<u>780,993</u>	<u>754,691</u>	<u>754,691</u>
Total Business-type Activity Debt	<u>\$ 65,879,652</u>	<u>23,595,507</u>	<u>13,599,613</u>	<u>75,875,546</u>	<u>1,808,310</u>

Debt service payments are generally made from the following sources:

- (a) Revenues recorded in the General Fund.
- (b) Incremental property taxes recorded in the Redevelopment Agency Capital Projects Fund.
- (c) Operating revenues recorded in the Equipment Management Internal Service Fund.
- (d) Operating revenues from the Water Enterprise Fund.
- (e) Operating revenues recorded in the Sewer Enterprise Fund.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

2007 Refunding Certificates of Participation

In August 2008, the Authority issued \$31,820,000 in Certificates of Participation (2007 COPs) to prepay \$26,740,000 of the outstanding principal of the 1996 Civic Center Certificates of Participation and to prepay \$4,245,000 of the outstanding principal of the 1997 Road and Seismic Retrofit Refunding Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$2,864,926 and resulted in an economic gain of \$1,991,771. The 2007 Refunding COPs bear interest at 3.0% to 5.2% and are due serially each August 1. Interest payments are due semi-annually on February 1 and August 1.

2001 ABAG Lease Revenue Bonds

In fiscal year 2002, the City issued \$7,475,000 principal amount of ABAG Lease Revenue Bonds, Series 2001-2, (2001-2 Bonds), at rates of 3.0% to 5.0%, and the proceeds of which were used to finance the cost of acquiring capital assets and to refund and retire various capital lease and certificates of participation obligations. This bifurcated Bond issue is repayable from governmental funds, the Equipment Management Internal Service Fund, the Sewer Enterprise Fund and the Water Enterprise Fund and as a result, the principal balance of the 2001-2 Bonds has been prorated and recorded in each of the above funds and activities.

Capital Lease Obligations

In fiscal year 2006, the City entered into two lease agreements, one for acquiring computer mainframe equipment in the amount of \$491,602, which requires monthly payments and one in the amount of \$1,656,763 for acquiring various vehicles, which requires semi-annual payments. In fiscal year 2008, the City entered into a lease agreement for police Motorola radios for an additional amount of \$41,087, which requires annual payments. The City also entered into an equipment lease for \$1,300,927 for VOIP equipment.

2004 Tax Allocation Bonds

In fiscal year 2004, the Agency issued \$44,790,000 of Tax Allocation Bonds to provide funds to defeased and retire the 1996 Tax Allocation Bonds and to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are a special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2006 Tax Allocation Bonds. The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2034. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3% to 5.23% per annum. Bonds outstanding at June 30, 2008 were \$42,375,000.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

2006 Tax Allocation Bonds

In fiscal year 2006, the Agency issued \$11,800,000 of Tax Allocation Bonds to provide funds to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2004 Tax Allocation Bonds. The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3.75% to 4.3% per annum. Bonds outstanding at June 30, 2008 were \$11,800,000.

At June 30, 2008, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

Governmental Activities:

Certificate of Participation (COP)

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,390,000	1,286,775	2,676,775
2010	1,385,000	1,231,275	2,616,275
2011	1,440,000	1,174,775	2,614,775
2012	1,510,000	1,115,775	2,625,775
2013	1,570,000	1,054,175	2,624,175
2014-2018	8,850,000	4,257,075	13,107,075
2019-2023	7,965,000	2,555,850	10,520,850
2024-2028	<u>7,710,000</u>	<u>703,250</u>	<u>8,413,250</u>
Totals	<u>\$ 31,820,000</u>	<u>13,378,950</u>	<u>45,198,950</u>

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

Lease Revenue Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 356,690	44,869	401,559
2010	140,910	34,855	175,765
2011	148,600	28,596	177,196
2012	150,770	21,763	172,533
2013	165,240	23,125	188,365
2014-2018	340,000	101,528	441,528
2019-2023	<u>235,000</u>	<u>17,875</u>	<u>252,875</u>
Totals	<u>\$ 1,537,210</u>	<u>272,611</u>	<u>1,809,821</u>

Site / Equipment Leases

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 746,344	161,948	908,292
2010	784,616	127,551	912,167
2011	529,774	91,494	621,268
2012	200,595	74,784	275,379
2013	139,630	64,887	204,517
2014-2018	605,948	223,833	829,781
2019-2023	225,000	137,588	362,588
2024-2028	290,000	74,875	364,875
2029-2033	<u>135,000</u>	<u>7,625</u>	<u>142,625</u>
Totals	<u>\$ 3,656,907</u>	<u>964,585</u>	<u>4,621,492</u>

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

Tax Allocation Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,270,000	2,662,272	3,932,272
2010	1,335,000	2,598,772	3,933,772
2011	1,400,000	2,532,022	3,932,022
2012	1,540,000	2,469,022	4,009,022
2013	1,605,000	2,400,322	4,005,322
2014-2018	9,195,000	10,844,493	20,039,493
2019-2023	11,580,000	8,432,185	20,012,185
2024-2028	14,405,000	4,871,757	19,276,757
2029-2033	7,270,000	2,206,310	9,476,310
2034-2037	<u>4,575,000</u>	<u>467,805</u>	<u>5,042,805</u>
Totals	<u>\$ 54,175,000</u>	<u>39,484,960</u>	<u>93,659,960</u>

Revenue Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 225,000	30,500	255,500
2010	195,000	22,900	217,900
2011	200,000	14,750	214,750
2012	<u>210,000</u>	<u>5,250</u>	<u>215,250</u>
Totals	<u>\$ 830,000</u>	<u>73,400</u>	<u>903,400</u>

Capital Lease Obligation

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 802,205	86,770	888,975
2010	693,343	57,397	750,740
2011	664,549	30,818	695,367
2012	212,684	7,682	220,366
2013	<u>55,610</u>	<u>1,129</u>	<u>56,739</u>
Totals	<u>\$ 2,428,391</u>	<u>183,796</u>	<u>2,612,187</u>

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

Revenue Bonds

Public Financing Authority 1996

In February 1996, the City issued \$6,440,000 in Lease Revenue Refunding Bonds; Series 1996 to advance refund \$5,915,000 of outstanding 1989 Lease Revenue Bonds. Improvements, initially financed with 1989 lease revenue bonds, and which have been completed include a Reservoir Telemetry Control System, installation of two emergency electrical generators used to pump water in the event of electrical failure, fuel tanks, and replacement of 16,600 feet of water mains.

The 1996 Bonds bear interest at 3.0% to 5.2% and are due serially each June 1. Interest payments are due semi-annually on December 1 and June 1. 1996 Bonds maturing on or after June 1, 2005 may be prepaid on any date beginning June 1, 2004 at par plus 2%. The prepayment price decreases one-half of one percent each year until June 1, 2006, at which time the 1996 Bonds may be prepaid at par.

Certificates of Participation

2001 Water System Improvement Project

On October 24, 2001 the City issued \$5,030,000 in Certificates of Participation to finance construction of the Hesperian Booster Pump Station. The 2001 COPs bear interest at 2.0% to 4.75% and are due semi-annually on April 1 and October 1, commencing April 1, 2002. Principal payments are due annually on October 1. 2001 COPs maturing on or after October 1, 2012 may be prepaid, on any payment date beginning October 1, 2011 at par.

2004 Water System Improvement Project

In January 2004, the City issued \$6,845,000 in Certificates of Participation to the design and construction of a new booster pump station. The 2004 COPs are payable from net revenue from operations of the City's water system. The 2004 COPs bear interest serially of 2.0% to 4.375% and are due serially on October 1. Interest payments are due semi-annually on April 1 and October 1.

2007 Sewer Refunding

The City's 2007 Sewer Refunding Certificates of Participation are due August 1, 2026 and bear interest at rates of 4.0% and 4.5%. The proceeds from the 2007 Certificates of Participation were used to advance refund the remaining outstanding balance on the City's 1996 Sewer System Improvement Certificates of Participation and the 1998 Sewer System Improvement Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. This advance refunding was undertaken to reduce total debt service payments by \$2,324,395 and resulted in an economic gain of \$1,929,786. Certificates maturing on or after August 1, 2017 are subject to optional prepayment by the City after this date. Interest payments are due on February 1 and August 1 of each year.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

State Water Control Board

In June 2006, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. Under the terms of the contract, the City has agreed to repay \$54,550,018 to the State in exchange for receiving \$45,458,167 in proceeds used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$9,091,852 upon issue and represents in-substance interest on the outstanding balance. As of June 30, 2008, the City's gross repayment obligation totaled \$52,788,065 and has a corresponding prepayment of interest expense for \$ 8,051,402. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

Business-Type Activities:

Revenue Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 533,310	189,333	722,643
2010	564,090	164,666	728,756
2011	591,400	138,261	729,661
2012	624,230	108,893	733,123
2013	659,760	67,797	727,557
2014-2018	<u>550,000</u>	<u>28,600</u>	<u>578,600</u>
Totals	<u>\$ 3,522,790</u>	<u>697,550</u>	<u>4,220,340</u>

Certificate of Participation (COP)

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,275,000	723,400	1,998,400
2010	1,325,000	676,988	2,001,988
2011	1,370,000	628,288	1,998,288
2012	1,425,000	577,688	2,002,688
2013	1,490,000	525,831	2,015,831
2014-2018	6,855,000	1,783,513	8,638,513
2019-2023	3,225,000	774,903	3,999,903
2024-2028	<u>1,845,000</u>	<u>114,563</u>	<u>1,959,563</u>
Totals	<u>\$ 18,810,000</u>	<u>5,805,174</u>	<u>24,615,174</u>

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

State Water Control Board
Year Ending June 30

2009	\$	-	-	-
2010		2,727,501	819,611	3,547,112
2011		2,727,501	785,211	3,512,712
2012		2,727,501	750,192	3,477,693
2013		2,727,501	714,541	3,442,042
2014-2018		13,637,505	3,015,034	16,652,539
2019-2023		13,637,505	2,022,259	15,659,764
2024-2028		13,637,505	936,699	14,574,204
2029-2033		<u>955,546</u>	<u>48,306</u>	<u>1,003,852</u>
Totals		<u>\$52,778,065</u>	<u>9,091,853</u>	<u>61,869,918</u>

7. LEASING ARRANGEMENTS

Certificates of Participation, Lease Revenue Bonds and Capital Leases are issued for the purpose of financing the construction or acquisition of projects defined in each leasing arrangement. Projects are leased to the City for lease payments which, together with unspent proceeds of the leasing arrangement, will be sufficient to meet the debt service obligations of the leasing arrangement. At the termination of the leasing arrangement title to the project will pass to the City.

Leasing arrangements are similar to debt; they allow investors to participate in a share of guaranteed payments, which are made by the City. Because they are similar to debt, the present value of the total of the payments to be made by the City is recorded as long-term debt. The City's leasing arrangements are included in long term obligations discussed in the preceding note.

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

7. LEASING ARRANGEMENTS (Continued)

A summary of capital assets leased follows:

	<u>Fund Activity</u>	<u>Cost</u>
Fire Station #7	Governmental Activity	\$ 620,417
Land/fire trucks	Equipment Management	
	Internal Service Fund	462,464
Street lighting facilities	Governmental Activity	2,107,375
Civic Center	Governmental Activity	30,938,179
	Internal Service Fund	521,360
Public Works Vehicles	Governmental Activity	230,000
Fire Apparatus	Governmental Activity	1,745,000
Sedan/Jeeps/Dumps/Sweepers	Governmental Activity	765,233
Trucks/Van/Loader	Equipment Management	
	Internal Service Fund	508,094
Trucks, Pickup, Cars	Equipment Management	
	Internal Service Fund	1,656,763
Boys& Girls Club Site Lease	Governmental Activity	1,215,000
Solar Energy	Governmental Activity	1,035,000
Building Energy Retrofit	Governmental Activity	865,000
Computer Mainframe Upgrade	Governmental Activity	491,602
Police Motorola Radios	Governmental Activity	1,599,523
City Vehicles	Equipment Management	
	Internal Service Fund	1,290,863

8. SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT

The City has sponsored special assessment debt issues under which it has no legal or moral liability with respect to repayment of the debt and therefore does not include this debt in the City's Governmental Activity. A summary of such debt follows:

In December 1987 the Local Improvement District No. 14, Whitesell Street, issued Limited Obligation Improvement Bonds in the original principal amount of \$1,330,000 to finance utility improvements within the District. Outstanding debt at June 30, 2008 was \$90,000.

In February 1989 the Local Improvement District No. 15 issued Limited Obligation Improvement Bonds in the original principal amount of \$6,214,297 to finance improvements within the District. Outstanding debt at June 30, 2008 was \$960,000.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

8. SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT (Continued)

In June 1994 the Local Improvement District No. 16, Garin Avenue, issued Limited Obligation Improvement Bonds in the original principal amount of \$3,000,000 to finance construction of a water system within the District. Outstanding debt at June 30, 2008 was \$1,915,000. In July 1997 the Local Improvement District No. 16 issued additional Limited Obligation Improvement Bonds in the original principal amount of \$50,952. Outstanding debt at June 30, 2008 was \$16,000.

In June 1999 the Local Improvement District No. 17, Twin Bridges Community Park, issued Limited Obligation Improvement Bonds in the original principal amount of \$396,014 to finance improvements within the District. Outstanding debt at June 30, 2008 was \$295,000.

In July 2002 the Community Facilities District No. 1, Eden Shores issued Special Tax Bonds in the original principal amount of \$9,965,000 to finance improvements within the District. Outstanding debt at June 30, 2008 was \$9,755,000.

9. DEFICIT FUND BALANCES

The Workers Compensation Insurance Internal Service Fund and the General Liability Internal Service Fund reflected accumulated deficits of \$2,461,512 and \$20,083, respectively, at June 30, 2008. These deficits is expected to be eliminated through future interfund charges.

The HOME Fund reflected an accumulated deficit of \$791 at June 30, 3008. This deficit is expected to be eliminated through future revenues.

10. ACCRUED RECLAMATION COSTS

To comply with regulatory requirements imposed by the California Regional Water Quality Control Board and the Alameda County Department of Environmental Health, the City expects to incur reclamation costs associated with an abandoned 60 acre landfill site. Such costs represent placing an 18-inch vegetative cover over the landfill site as well as ongoing monitoring costs. As of June 30, 2008, the City expects to incur \$237,853 for remaining reclamation costs, funded from operating revenue of the Sewer Enterprise Fund. Reclamation payments totaled \$28,076 for the year ended June 30, 2008 Reclamation costs are accrued in the Sewer Enterprise Fund. Actual costs may be higher due to inflation, changes in technology, or changes in State or federal regulations.

11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS

The City of Hayward contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS (Continued)

Miscellaneous and safety participants are required to contribute 8% to 9%, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The contribution rate indicated for the period is 33.124% of payroll for the safety plan and 12.101% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2005	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	13 Years as of the Valuation Date	17 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS (Continued)

operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Safety Plan:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Actuarial		Annual Covered Payroll	Unfunded Liability as % of Payroll
			Unfunded (Overfunded) Liability	Funded Ratio		
2005	173,282,219	134,967,636	38,314,583	77.90%	18,185,439	210.70%
2006	183,523,823	146,030,286	37,493,537	79.60%	18,319,728	204.70%
2007	193,243,567	158,203,068	35,040,499	81.90%	18,554,248	188.90%

Fire Safety Plan:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Actuarial		Annual Covered Payroll	Unfunded Liability as % of Payroll
			Unfunded (Overfunded) Liability	Funded Ratio		
2005	142,607,592	119,313,097	23,294,495	83.70%	11,747,946	198.30%
2006	150,851,333	127,396,462	23,454,871	84.50%	12,502,617	187.60%
2007	161,969,773	136,667,203	25,302,570	84.40%	13,195,298	191.80%

Miscellaneous Plan:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Actuarial		Annual Covered Payroll	Unfunded Liability as % of Payroll
			Unfunded (Overfunded) Liability	Funded Ratio		
2005	214,466,629	190,027,743	24,438,886	88.60%	35,095,877	69.50%
2006	230,202,685	204,005,259	26,197,426	88.60%	35,158,623	74.50%
2007	241,062,267	220,029,799	21,032,468	91.30%	35,166,254	59.80%

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS (Continued)

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$2,507,678	801,194	100%	-
6/30/07	2,728,414	1,314,707	100%	-
6/30/08	2,552,523	1,547,439	100%	-

12. PUBLIC AGENCY RETIREMENT SYSTEM

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective January 1, 1992, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers part-time, seasonal and temporary employees and all employees not covered by another retirement system. All eligible employees covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions.

Under PARS employees contribute 3.750% and the City contributes 3.750% of the employees' salary each pay period. For the fiscal year ending June 30, 2008, total contributions of \$36,322 were made based on a total amount of covered compensation of \$484,289.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City provides postretirement health care benefits, in accordance with memoranda of understanding between the City and various collective bargaining units. Employees in those collective bargaining units who retire from the City much have attained age 50 and be enrolled in a medical plan offered through the State of California Public Employees' Retirement System. Currently, 475 retirees meet those eligibility requirements. The City reimburses Medicare retirees for medical premiums in amounts that range from \$25.10 to \$431.17 per month depending on the memorandum of understanding in effect for that particular collective bargaining unit. The City reimburses for the lesser of the actual premium or the retiree allowance. Expenditures for postretirement health care benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, \$1,567,499 in expenditures were made for postretirement health care.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; natural disasters. The City is self-insured for its general liability, workers' compensation, malpractice liability, and general and auto liability. The City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with the above risks of loss up to certain limits.

Type of Coverage	Self-Insurance	Coverages and Limits
General liability	\$0 - \$250,000 per occurrence	\$250,000 - \$15,000,000
Workers' compensation	\$0 - statutory limits	None
Property	\$0 - \$500,000 per occurrence	\$250,000 - \$350,000,000
Airport	\$0 - \$1,000 per occurrence	\$1,000 - \$20,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$1,000,000 - \$100,000,000
Accidental medical expense	None	\$5,000 per occurrence

Amounts in excess of the insured limits are self-insured.

In fiscal year 2004, the City did not renew its workers' compensation insurance coverage and instead elected to self-insure all workers' compensation claims.

The City is a member of the Exclusive Risk Management Authority of California (formally known as CA Risk Management Authority) JPA for general municipal liability insurance coverage.

Self-Insurance - The City records estimated liabilities for general liability claims filed or expected to be filed in the General Liability Fund (internal service fund). As of June 30, 2008, the recorded liability was \$2,247,604. Charges to the General Fund and other funds are determined from an analysis of self-insured claim costs and recorded as operating transfers from such funds to the General Liability Fund.

The City records estimated liabilities for workers' compensation claims filed or expected to be filed in the Worker's Compensation Insurance Fund (internal service fund). As of June 30, 2008, the recorded liability was \$3,632,321. Premiums are paid to the Insurance Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Property damage risks are covered on an occurrence basis up to the deductibles listed above by commercial insurance, Driver Alliant Insurance Services Inc., purchased from independent third parties. All properties are insured at full replacement values. During the past three years there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded insurance coverage.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

14. RISK MANAGEMENT, (Continued)

The unpaid workers' compensation claims liabilities included in the Worker's Compensation Insurance Internal Service Fund are based on the results of an actuarial study and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. In addition, the liability is discounted using an annual interest rate of 6%.

Changes in the balances of claims liabilities, including a provision for claims incurred but not reported, during the past two fiscal years are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of fiscal year	\$ 5,654,528	5,652,483
Incurred claims	7,607,116	3,753,304
Claims payments	(4,069,922)	(3,751,259)
Increase (decrease) in estimated liability	(1,763,033)	-
Limited to SIR	<u>(1,548,764)</u>	<u>-</u>
Unpaid claims, end of fiscal year	<u>\$ 5,879,925</u>	<u>5,654,528</u>

There are no outstanding claims for which an annuity contract has been purchased in the claimant's name, and therefore removed from the liability.

15. JOINT POWERS AGREEMENTS

The East Bay Dischargers Authority ("EBDA") was established in 1974 under the Joint Exercise of Powers Act of the State of California by the Cities of Hayward and San Leandro, and the Ora Loma, Castro Valley, and Union Sanitary Districts for the purpose of planning, acquiring, constructing, managing and operating common use and individual wastewater treatment and disposal facilities for the member agencies. The governing body of EBDA consists of five members, one appointed by each of the member agencies. The City exercises a weighted vote of 20.7% of the total vote. As a separate legal entity, EBDA exercises fill powers and authorities within the scope of the Joint Powers Agreement. Obligations and liabilities of EBDA are not those of the member agencies.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

15. JOINT POWERS AGREEMENTS, (Continued)

The financial activities for EBDA are not included in the accompanying financial statements as it is administered by a board separate from and independent of the City. Transactions with and the investment in the joint powers agency are accounted for as follows:

- (a) Payments related to the services which the City received during fiscal year 2008 amounted to \$549,688 and are recorded as materials, supplies and services expenses.
- (b) Payments related to the City's long-term investment in the joint powers agency, for which the City has the ability to exercise significant influence over operating and financial policies, are recorded as an investment in the East Bay Dischargers Authority under the equity method. The City's equity approximates one-third of the total assets of EBDA and amounts to \$12,082,760 at June 30, 2008.

The investment in East Bay Dischargers Authority is valued as of June 30, 2007, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2007 (the most recent audited financial information available) for EBDA's common use operations was as follows:

Assets	
Current	\$ 5,173,476
Capital assets, net	<u>32,187,689</u>
Total	<u>\$37,361,165</u>
Liabilities	\$ 746,741
Net Assets	<u>36,614,424</u>
Total	<u>\$37,361,165</u>
Revenues	\$ 2,845,072
Expenses	(3,316,812)
Non-operating revenues	708,779
Non-operating expenses	<u>(450,837)</u>
Change in Net Assets	<u>(\$ 213,798)</u>

Complete financial statements of EBDA can be obtained from:

City of Hayward
Finance Department, 3rd Floor
777 B Street
Hayward, California 94541

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

16. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

The City has line of credit agreements with its bank under which the bank is authorized to draw on the lines to cover overdrafts from the City's bank account and to cover liquidity requirements. The lines have a maximum amount of \$5,000,000; bear interest at the bank's reference rate (7 % as of June 30, 2008) and are due January 1, 2008.

17. CONDUIT DEBT WITHOUT CITY COMMITMENT

On March 26, 1998, the City assisted in the issuance of \$9,500,000 in Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1998A for the purpose of providing funds to make a loan to Santa Clara Associates, LLC to provide permanent financing for a multifamily rental housing project known as the Timbers Apartments Project. Interest on the bonds is payable monthly commencing April 1, 1998. Principal on the Bonds is due March 1, 2023. The City has no legal or moral commitment for the repayment of these bonds.

On August 15, 2001, the City sponsored the issuance of the City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds (Lord Tennyson Apartments), 2001 Series A which were issued in the aggregate principal amount of \$6,450,000 to assist a developer in financing the acquisition and rehabilitation of a 96-unit multifamily complex located in Hayward. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On January 6, 2004 the City sponsored the issuance of the second supplement of the 1984A City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds, (Shorewood Apartment Project) which were issued in the aggregate principal amount of \$33,100,000 to refinance prior bonds used to finance the acquisition and construction of a 544-unit multifamily rental housing complex. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On April 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Lord Tennyson Apartments) 2005 Series A and 2005 Series A-T which were issued in the aggregate principal amount of \$14,625,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

17. CONDUIT DEBT WITHOUT CITY COMMITMENT, (Continued)

On October 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Las Casitas of Hayward) 2005 Series A which were issued in the aggregate principal amount of \$6,325,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

On November 28, 2006, the City sponsored the issuance of Multi-Family Housing Revenue Bonds (Saklan Family Housing Development) 2006 Series A which were issued in the aggregate principal amount of \$14,000,000 to assist in the construction and development 78-unit Saklan Family Housing project. The City has no legal or moral liability with respect to the payment of this debt.

18. RESTATEMENT OF FUND BALANCE/NET ASSETS

During fiscal year 2007-08, beginning fund balances/net assets were adjusted by the following:

- (a) Pass-through payments for tax increments received during the fiscal year are made in arrears and therefore should be expensed in the appropriate fiscal year. The amount recorded as pass-through expenditures at June 30, 2007 were actual expenditures incurred for fiscal year ended June 30, 2006 and therefore should be reduced from fund balance in the amount of \$1,494,814.
- (b) The Sewer Loan did not record an interest expense amount for the months when the City drew down on the loan. An implicit rate of interest should have been charged as interest expense. The interest expense will reduce the fund balance by \$279,558.
- (c) The City incurred a liability for a claim that was not recorded in the prior year for an amount of \$740,020.
- (d) Payroll expense was not accrued in the prior year for the amount due at June 30, 2007 and therefore the fund balance should be reduced by the payroll expense attributable to the prior year for \$1,396,670.
- (e) The City entered into an agreement for an advance to the Redevelopment Agency from the General Fund in the prior year in the amount of \$11,186,217. Per the agreement the advance should have been recorded in the prior year.

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

18. RESTATEMENT OF FUND BALANCE/NET ASSETS, (Continued)

The following schedules summarize the effect of the prior period adjustment to the Fund Financial Statements and the Government Wide Statements:

Fund Financial Statement:

Governmental Funds:

General Fund

Fund Balance at beginning of year as previously reported	\$ 23,524,566
(d) Adjustment for payroll accrual	(1,220,100)
(e) Adjustment for advance	<u>11,186,217</u>
Fund balance at beginning of year, as restated	<u><u>\$ 33,490,683</u></u>

CITY OF HAWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

18. RESTATEMENT OF FUND BALANCE/NET ASSETS, (Continued)

	RDA Capital Projects Fund
	<hr/>
Fund balance at beginning of year as previously reported	\$ 49,331,993
(a) Adjustment for pass-through expenditures recorded	(1,494,814)
(d) Adjustment for payroll accrual	(7,296)
(e) Adjustment for advance	<u>(11,186,217)</u>
Fund balance at beginning of year, as restated	<u>\$ 36,643,666</u>

Enterprise Funds:

	Sewer
	<hr/>
Fund balance at beginning of year as previously reported	\$ 108,385,126
(b) Adjustment for sewer interest expense	(279,558)
(d) Adjustment for payroll accrual	<u>(53,566)</u>
Fund balance at beginning of year, as restated	<u>\$ 108,052,002</u>

	Water
	<hr/>
Fund balance at beginning of year as previously reported	\$ 89,828,094
(d) Adjustment for payroll accrual	<u>(70,957)</u>
Fund balance at beginning of year, as restated	<u>\$ 89,757,137</u>

	Airport
	<hr/>
Fund balance at beginning of year as previously reported	\$ 26,312,912
(d) Adjustment for payroll accrual	<u>(9,308)</u>
Fund balance at beginning of year, as restated	<u>\$ 26,303,604</u>

CITY OF HAWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

18. RESTATEMENT OF FUND BALANCE/NET ASSETS (Continued)

	<u>Centennial Hall</u>
Fund balance at beginning of year as previously reported	\$ 888,704
(d) Adjustment for payroll accrual	<u>(4,975)</u>
Fund balance at beginning of year, as restated	<u><u>\$ 883,729</u></u>

	<u>Stormwater</u>
Fund balance at beginning of year as previously reported	\$ 366,721
(d) Adjustment for payroll accrual	<u>(12,412)</u>
Fund balance at beginning of year, as restated	<u><u>\$ 354,309</u></u>

Internal Service Funds:

	<u>Worker's Compensation</u>
Fund Balance at beginning of year as previously reported	\$ (2,727,575)
(c) Adjustment for payroll accrual	<u>(3,018)</u>
Fund balance at beginning of year, as restated	<u><u>\$ (2,730,593)</u></u>

	<u>General Liability</u>
Fund Balance at beginning of year as previously reported	\$ 1,571,053
(c) Adjustment for claims payable	<u>(740,020)</u>
Fund balance at beginning of year, as restated	<u><u>\$ 831,033</u></u>

	<u>Equipment Management</u>
Fund Balance at beginning of year as previously reported	\$ 3,350,704
(c) Adjustment for payroll accrual	<u>(15,037)</u>
Fund balance at beginning of year, as restated	<u><u>\$ 3,335,667</u></u>

CITY OF HAWARD, CALIFORNIA

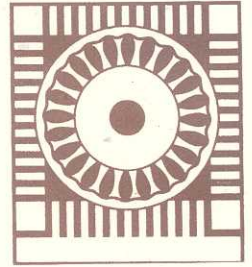
NOTES TO BASIC FINANCIAL STATEMENTS

19. FUND BALANCE RESERVES AND DESIGNATIONS

At June 30, 2008, fund balances for governmental fund types consisted of the following reservations and designations:

	<u>General</u>	<u>Debt Service</u>	<u>Redevelopment Agency Capital Projects</u>	<u>Other Governmental Funds</u>
Reserved for:				
Encumbrances	\$ 775,737	-	-	-
Advances to other funds	10,386,217	-	-	-
Inventory	21,802	-	-	-
Land held for redevelopment	-	-	4,154,570	-
Prepaid expenses	30,171	-	-	-
Total reserved fund balances	<u>11,213,927</u>	<u>-</u>	<u>4,154,570</u>	<u>-</u>
Designated for:				
Capital improvement programs	-	-	4,257,330	26,132,647
Social programs	-	-	-	18,065,349
Low and moderate income housing	-	-	10,276,836	-
Developer assistance	-	-	262,139	-
Debt service	-	187,804	-	4,121,175
Economic uncertainty	7,000,000	-	-	-
Liquidity	3,500,000	-	-	-
Hotel/ Conference center	1,000,000	-	-	-
Retirement reserve	1,122,000	-	-	-
Public safety	1,000,000	-	-	-
Contingencies	<u>1,695,927</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total designated fund balances	<u>15,317,927</u>	<u>187,804</u>	<u>14,796,305</u>	<u>48,319,171</u>
Total reserved and designated fund balance	<u>\$26,531,854</u>	<u>187,804</u>	<u>18,950,875</u>	<u>48,319,171</u>

CITY OF HAYWARD



Non-Major Governmental Funds

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Gasoline Tax Fund - Accounts for revenue apportioned to the City from State collected gasoline taxes and expended for construction and maintenance of City streets.

HCD Deferred Loans Fund - Accounts for funds granted by HUD and used for loans to rehabilitate properties of qualified homeowners.

Housing Mortgage Revenue Bonds Fund - Accounts for fees paid by benefited developers of multifamily rental housing and used to reimburse City cost related to bond issuance and program monitoring.

Park Dedication Ordinance Fund - Accounts for park dedication fees applied to new construction and expended for acquisition of recreational land and construction of recreational facilities.

Business Improvement Fund - Accounts for fees imposed on businesses within the downtown business improvement district and expended on activities, which enhance the district as a shopping and business center.

Donation Fund - Accounts for miscellaneous donations expended for purposes agreed upon by the City and the donors.

Community Development Block Grant Program Fund - Accounts for monies received from the U.S. Department of Housing and Urban Development ("HUD") and expended for development of jobs and suitable housing for low-income residents.

HOME Investment in Affordable Housing Fund ('HOME) - Accounts for monies received from HUD through the Alameda County Housing Consortium and expended for acquisition, rehabilitation and new construction of affordable housing and tenant-based rental assistance.

Federal Rental Rehabilitation Grant Program Fund - Accounts for grants from HUD used to rehabilitate rental property.

Recycling Fund - Accounts for revenue received from County Measure D funds, curbside recycling and multifamily recycling service fees, and grants used to support the City's recycling program.

Narcotics Asset Seizure Fund - Accounts for funds received pursuant to federal and State narcotic and seizure laws used to support identified law enforcement activities.

Local Law Enforcement Block Grant Fund - Accounts for funds received as block grant from the Department of Justice, Bureau of Justice Assistance, to support law enforcement.

Citizens' Option For Public Safety Fund - Accounts for funds received pursuant to State legislation, which provides resources, to fight crime and protect public safety at the local level.

Gates Learning Foundation Grant Fund - Accounts for funds received from the Bill & Melinda Gates Foundation to provide access to digital information for public library patrons in low-income communities by providing PCs and software, NT servers, and network printers.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Park Maintenance District Fund - Accounts for revenues from annual assessments of developers' proportionate shares of the City's costs for park maintenance in the areas of the developers' projects and accounts for the actual park maintenance costs.

Measure B Transportation Sales Tax Fund - Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for street maintenance projects.

Measure B Paratransit Fund - Accounts for the provision of taxi and van transportation for the elderly and the handicapped.

Measure B Pedestrian Fund - Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for pedestrian projects.

DEBT SERVICE FUNDS

Redevelopment Agency Fund - Accounts for tax increment revenues transferred for the payment of interest and principal of the Redevelopment Agency's 2004 and 2006 tax allocation bonds.

Unisys Computer Lease Fund — Accounts for transfers of revenue from the general fund for payment of interest and principal of Unisys computer lease obligation.

Hayward Public Financing Authority Fund — Accounts for debt issuance's used to finance capital improvements within the City.

Solar Panel Electric Generator Fund — Accounts for resources used for the payment of interest and principal of the Solar Panel Electric Generator obligation.

CAPITAL PROJECTS FUNDS

General Capital Projects Fund - Accounts for general fund or special revenue fund transfers expended for acquisition and construction of general purpose public facilities, street surfacing and improvements.

Traffic Signal Construction Fund - Accounts for traffic signal fees paid by developers of residential housing and expended for installation of traffic signal equipment.

Route 238 Fund - Accounts for the City's increment of state right-of-way rentals for state property within the City and other City monies set aside for City projects connected with freeway development.

Local Improvement District 16 Fund - Accounts for bond proceeds expended for construction of public improvements in designated zones.

Special Assessments Fund - Accounts for revenue received from special assessments against benefited property for payment of interest and principal of special assessment bonds.

CITY OF HAYWARD
Non-major Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax	HCD Deferred Loans	Housing Mortgage Revenue Bonds	Park Dedication Ordinance	Business Improvement	Donation
ASSETS						
Cash and investments	\$ 566,999	32,815	2,020,978	1,945,965	199,170	229,308
Cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	142,947	-	-	-	68	2,000
Loans receivable	-	73,631	175,500	-	-	-
Interest receivable	6,099	243	14,981	23,645	1,446	1,679
Due from other governments	863,265	-	-	-	-	-
Total assets	<u>1,579,310</u>	<u>106,689</u>	<u>2,211,459</u>	<u>1,969,610</u>	<u>200,684</u>	<u>232,987</u>
LIABILITIES						
Accounts payable	59,205	-	227	-	22,249	1,138
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	73,631	175,500	-	-	-
Refundable deposits	-	-	-	-	-	-
Total liabilities	<u>59,205</u>	<u>73,631</u>	<u>175,727</u>	<u>-</u>	<u>22,249</u>	<u>1,138</u>
FUND BALANCES						
Unreserved, reported in:						
Special revenue funds	1,520,105	33,058	2,035,732	1,969,610	178,435	231,849
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,520,105</u>	<u>33,058</u>	<u>2,035,732</u>	<u>1,969,610</u>	<u>178,435</u>	<u>231,849</u>
Total liabilities and fund balances	<u>\$ 1,579,310</u>	<u>106,689</u>	<u>2,211,459</u>	<u>1,969,610</u>	<u>200,684</u>	<u>232,987</u>

SPECIAL REVENUE FUNDS

Federal Rental Rehabilitation Grant Program	Community Development Block Grant	Recycling	Narcotics Asset Seizure	Local Law Enforcement Block Grant	Citizens' Option For Public Safety Fund	Gates Learning Foundation Grant	Park Maintenance District	HOME
28,456	1,902,595	4,325,915	117,330	-	5,501	-	2,430,237	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	3,470,903	-	-	-	-	-	-	5,960,000
-	11,555	32,433	886	-	317	-	17,969	-
-	-	162,741	-	60,015	-	-	-	7,044
<u>28,456</u>	<u>5,385,053</u>	<u>4,521,089</u>	<u>118,216</u>	<u>60,015</u>	<u>5,818</u>	<u>-</u>	<u>2,448,206</u>	<u>5,967,044</u>
-	117,554	12,550	37,162	-	-	-	159,690	2,000
-	-	-	-	-	-	-	-	5,835
-	3,470,903	-	-	-	-	-	-	5,960,000
-	2,200	-	-	-	-	-	28,276	-
<u>-</u>	<u>3,590,657</u>	<u>12,550</u>	<u>37,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,966</u>	<u>5,967,835</u>
28,456	1,794,396	4,508,539	81,054	60,015	5,818	-	2,260,240	(791)
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>28,456</u>	<u>1,794,396</u>	<u>4,508,539</u>	<u>81,054</u>	<u>60,015</u>	<u>5,818</u>	<u>-</u>	<u>2,260,240</u>	<u>(791)</u>
<u>28,456</u>	<u>5,385,053</u>	<u>4,521,089</u>	<u>118,216</u>	<u>60,015</u>	<u>5,818</u>	<u>-</u>	<u>2,448,206</u>	<u>5,967,044</u>

(Continued)

CITY OF HAYWARD
Non-major Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	SPECIAL REVENUE FUND				DEBT SERVICE FUNDS	
	Motorola Police Radios	Measure B Retail Sales Tax	Measure B Paratransit	Measure B Pedestrian	Redevelopment Agency	Unisys Computer Lease
ASSETS						
Cash and investments	\$ -	2,524,302	7,095	-	-	-
Cash and investments with fiscal agent	-	-	-	-	4,017,559	-
Accounts receivable	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Interest receivable	-	18,534	462	-	-	-
Due from other governments	-	477,539	329,424	101,854	-	-
	<u>-</u>	<u>477,539</u>	<u>329,424</u>	<u>101,854</u>	<u>-</u>	<u>-</u>
Total assets	<u>-</u>	<u>3,020,375</u>	<u>336,981</u>	<u>101,854</u>	<u>4,017,559</u>	<u>-</u>
LIABILITIES						
Accounts payable	-	23	58,935	-	-	-
Due to other funds	-	-	-	41,419	-	-
Deferred revenue	-	-	-	-	-	-
Refundable deposits	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>23</u>	<u>58,935</u>	<u>41,419</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Unreserved, reported in:						
Special revenue funds	-	3,020,352	278,046	60,435	-	-
Debt service funds	-	-	-	-	4,017,559	-
Capital projects funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>3,020,352</u>	<u>278,046</u>	<u>60,435</u>	<u>4,017,559</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>-</u>	<u>3,020,375</u>	<u>336,981</u>	<u>101,854</u>	<u>4,017,559</u>	<u>-</u>

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS					Total
Public Financing Authority	Solar Panel Electric Generator	General Capital Projects	Traffic Signal Construction	Route 238	Local Improvement District 16	Special Assessments	Nonmajor Governmental Funds
-	-	8,153,304	550,037	18,406,651	-	499,456	43,946,114
-	103,616	112,009	-	-	-	-	4,233,184
-	-	208,892	-	-	-	-	353,907
-	-	-	-	-	-	-	9,680,034
-	-	48,683	4,556	136,655	-	3,698	323,841
-	-	-	-	-	-	-	2,001,882
-	103,616	8,522,888	554,593	18,543,306	-	503,154	60,538,962
-	-	720,887	18,540	123,511	-	-	1,333,671
-	-	-	-	-	-	-	47,254
-	-	-	-	-	-	-	9,680,034
-	-	1,128,356	-	-	-	-	1,158,832
-	-	1,849,243	18,540	123,511	-	-	12,219,791
-	-	-	-	-	-	-	18,065,349
-	103,616	-	-	-	-	-	4,121,175
-	-	6,673,645	536,053	18,419,795	-	503,154	26,132,647
-	103,616	6,673,645	536,053	18,419,795	-	503,154	48,319,171
-	103,616	8,522,888	554,593	18,543,306	-	503,154	60,538,962

CITY OF HAYWARD
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax	HCD Deferred Loans	Housing Mortgage Revenue Bonds	Park Dedication Ordinance	Business Improvement	Donation
REVENUES						
Other taxes	\$ 2,608,520	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	37,036	1,576	97,316	149,125	8,717	11,391
Rental income	-	-	153,855	-	-	-
Intergovernmental	-	-	-	-	-	-
Park development fees	-	-	-	904,061	-	-
Special assessments	-	-	-	-	-	-
Developer fees	143,197	-	-	-	-	-
Other	-	-	1,000	-	142	77,912
Total revenues	<u>2,788,753</u>	<u>1,576</u>	<u>252,171</u>	<u>1,053,186</u>	<u>8,859</u>	<u>89,303</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	167,573	679,224	43,531	23,444
Culture and leisure	-	-	-	-	-	-
Public works and transportation	503,545	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal repayment	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>503,545</u>	<u>-</u>	<u>167,573</u>	<u>679,224</u>	<u>43,531</u>	<u>23,444</u>
EXCESS (DEFICIENCY) (OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,285,208</u>	<u>1,576</u>	<u>84,598</u>	<u>373,962</u>	<u>(34,672)</u>	<u>65,859</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of long term debt	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	35,000	-
Transfers out	<u>(1,539,492)</u>	<u>-</u>	<u>(1,678)</u>	<u>(1,300,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,539,492)</u>	<u>-</u>	<u>(1,678)</u>	<u>(1,300,000)</u>	<u>35,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	745,716	1,576	82,920	(926,038)	328	65,859
BEGINNING FUND BALANCES	<u>774,389</u>	<u>31,482</u>	<u>1,952,812</u>	<u>2,895,648</u>	<u>178,107</u>	<u>165,990</u>
ENDING FUND BALANCES	<u>\$ 1,520,105</u>	<u>33,058</u>	<u>2,035,732</u>	<u>1,969,610</u>	<u>178,435</u>	<u>231,849</u>

SPECIAL REVENUE FUNDS

Federal Rental Rehabilitation Grant Program	Community Development Block Grant	Recycling	Narcotics Asset Seizure	Local Law Enforcement Block Grant	Citizens' Option For Public Safety Fund	Gates Learning Foundation Grant	Park Maintenance District	HOME
-	-	-	-	-	-	-	-	-
-	-	-	29,105	-	-	-	-	-
-	70,803	208,028	6,383	1,343	3,746	-	9,914	-
-	-	-	-	-	-	-	-	-
-	1,385,935	901,308	-	60,015	284,292	-	-	230,700
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,051,269	-
-	-	-	-	-	-	-	-	-
-	309,789	2,515	-	-	-	-	-	-
-	1,766,527	1,111,851	35,488	61,358	288,038	-	1,061,183	230,700
-	-	-	-	-	-	-	-	-
-	-	-	80,748	-	-	-	-	-
-	1,994,524	777,564	-	-	-	-	-	231,491
-	-	-	-	-	-	-	1,587,379	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	87,076	-	-	-	-	-	-	-
-	46,253	-	-	-	-	-	-	-
-	2,127,853	777,564	80,748	-	-	-	1,587,379	231,491
-	-	-	-	-	-	-	-	-
-	(361,326)	334,287	(45,260)	61,358	288,038	-	(526,196)	(791)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(11,962)	(51,596)	-	(41,138)	(282,220)	(2,910)	-	-
-	(11,962)	(51,596)	-	(41,138)	(282,220)	(2,910)	-	-
-	(373,288)	282,691	(45,260)	20,220	5,818	(2,910)	(526,196)	(791)
28,456	2,167,684	4,225,848	126,314	39,795	-	2,910	2,786,436	-
\$ 28,456	1,794,396	4,508,539	81,054	60,015	5,818	-	2,260,240	(791)

(Continued)

CITY OF HAYWARD
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	SPECIAL REVENUE FUND				DEBT SERVICE FUNDS	
	Motorola Police Radios	Measure B Retail Sales Tax	Measure B Paratransit	Measure B Pedestrian	Redevelopment Agency	Unisys Computer Lease
REVENUES						
Other taxes	\$ -	6,050	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	93,196	3,427	-	204,867	-
Rental income	-	-	-	-	-	-
Intergovernmental	-	1,887,807	942,093	403,611	-	-
Park development fees	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Project revenues	-	520	-	19,404	-	-
Other	-	-	3,323	-	-	-
Total revenues	-	1,987,573	948,843	423,015	204,867	-
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	893,375	-	7,572	-
Culture and leisure	-	-	-	-	-	-
Public works and transportation	-	1,144,337	-	662,455	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal repayment	128,592	-	-	-	1,210,000	94,870
Interest and fiscal charges	43,170	-	-	-	2,722,771	15,107
Total expenditures	171,762	1,144,337	893,375	662,455	3,940,343	109,977
EXCESS (DEFICIENCY) (OF REVENUES OVER (UNDER) EXPENDITURES	(171,762)	843,236	55,468	(239,440)	(3,735,476)	(109,977)
OTHER FINANCING SOURCES (USES)						
Issuance of long term debt	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Transfers in	171,762	-	-	-	3,896,398	109,977
Transfers out	-	-	-	-	(753,023)	-
Total other financing sources (uses)	171,762	-	-	-	3,143,375	109,977
NET CHANGE IN FUND BALANCES	-	843,236	55,468	(239,440)	(592,101)	-
BEGINNING FUND BALANCES	-	2,177,116	222,578	299,875	4,609,660	-
ENDING FUND BALANCES	\$ -	3,020,352	278,046	60,435	4,017,559	-

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS					Total
Public Financing Authority	Solar Panel Electric Generator	General Capital Projects	Traffic Signal Construction	Route 238	Local Improvement District 16	Special Assessments	Nonmajor Governmental Funds
-	-	-	-	-	-	-	2,614,570
-	-	-	-	-	-	-	29,105
845	3,875	225,437	30,704	882,116	-	23,855	2,073,700
-	-	-	-	286,107	-	-	439,962
-	-	2,685,667	-	-	-	-	8,781,428
-	-	-	-	-	-	-	904,061
-	-	-	-	-	-	-	1,051,269
-	-	6,080	340	900	-	-	170,441
-	-	1,390,187	238,518	-	-	4,493	2,027,879
845	3,875	4,307,371	269,562	1,169,123	-	28,348	18,092,415
-	-	-	-	-	-	-	80,748
-	-	-	-	-	-	-	4,818,298
2,101	-	-	-	-	-	-	1,589,480
-	-	1,321	-	-	7,683	-	2,319,341
-	-	5,109,742	864,739	356,214	23	-	6,330,718
325,000	25,000	240,000	-	-	-	-	2,110,538
131,005	47,489	14,800	-	-	-	-	3,020,595
458,106	72,489	5,365,863	864,739	356,214	7,706	-	20,269,718
(457,261)	(68,614)	(1,058,492)	(595,177)	812,909	(7,706)	28,348	(946,258)
-	-	1,342,011	-	-	-	-	1,342,011
(4,252,611)	-	-	-	-	-	-	(4,252,611)
4,710,483	72,488	808,000	350,000	-	-	-	10,154,108
(226,646)	(4,274)	(45,441)	-	(240,000)	-	(9,850)	(4,510,230)
231,226	68,214	2,104,570	350,000	(240,000)	-	(9,850)	2,733,278
(226,035)	(400)	1,046,078	(245,177)	572,909	(7,706)	18,498	1,787,020
226,035	104,016	5,627,567	781,230	17,846,886	7,706	484,656	47,763,196
-	103,616	6,673,645	536,053	18,419,795	-	503,154	49,550,216

CITY OF HAYWARD
Special Gasoline Tax
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Sales and use taxes	\$ 2,757,000	2,608,520	(148,480)
Investment income	27,000	37,036	10,036
Project revenue	<u>301,000</u>	<u>143,197</u>	<u>(157,803)</u>
Total revenues	<u>3,085,000</u>	<u>2,788,753</u>	<u>(296,247)</u>
EXPENDITURES:			
Public works and transportation	<u>1,638,027</u>	<u>503,545</u>	<u>1,134,482</u>
Total expenditures	<u>1,638,027</u>	<u>503,545</u>	<u>1,134,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,446,973</u>	<u>2,285,208</u>	<u>838,235</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,539,492)</u>	<u>(1,539,492)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,539,492)</u>	<u>(1,539,492)</u>	<u>-</u>
Change in fund balance	(92,519)	745,716	838,235
BEGINNING FUND BALANCES	<u>774,389</u>	<u>774,389</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 681,870</u>	<u>1,520,105</u>	<u>838,235</u>

CITY OF HAYWARD
HCD Deferred Loans
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 411	1,576	1,165
Total revenues	<u>411</u>	<u>1,576</u>	<u>1,165</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>411</u>	<u>1,576</u>	<u>1,165</u>
Change in fund balance	411	1,576	1,165
BEGINNING FUND BALANCES	<u>31,482</u>	<u>31,482</u>	<u>-</u>
ENDING FUND BALANCES	<u><u>\$ 31,893</u></u>	<u><u>33,058</u></u>	<u><u>1,165</u></u>

CITY OF HAYWARD
Housing Mortgage Revenue Bonds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 23,172	97,316	74,144
Rental income	130,562	153,855	23,293
Other	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total revenues	<u>153,734</u>	<u>252,171</u>	<u>98,437</u>
EXPENDITURES:			
Community development	<u>201,584</u>	<u>167,573</u>	<u>34,011</u>
Total expenditures	<u>201,584</u>	<u>167,573</u>	<u>34,011</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(47,850)</u>	<u>84,598</u>	<u>132,448</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,678)</u>	<u>(1,678)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,678)</u>	<u>(1,678)</u>	<u>-</u>
Change in fund balance	(49,528)	82,920	132,448
BEGINNING FUND BALANCES	<u>1,952,812</u>	<u>1,952,812</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 1,903,284</u>	<u>2,035,732</u>	<u>132,448</u>

CITY OF HAYWARD
Park Dedication Ordinance
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 24,100	149,125	125,025
Park development fees	<u>-</u>	<u>904,061</u>	<u>904,061</u>
Total revenues	<u>24,100</u>	<u>1,053,186</u>	<u>1,029,086</u>
EXPENDITURES:			
Community development	<u>-</u>	<u>679,224</u>	<u>(679,224)</u>
Total expenditures	<u>-</u>	<u>679,224</u>	<u>(679,224)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,100</u>	<u>373,962</u>	<u>349,862</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(550,000)</u>	<u>(1,300,000)</u>	<u>(750,000)</u>
Total other financing sources (uses)	<u>(550,000)</u>	<u>(1,300,000)</u>	<u>(750,000)</u>
Change in fund balance	(525,900)	(926,038)	(400,138)
BEGINNING FUND BALANCES	<u>2,895,648</u>	<u>2,895,648</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 2,369,748</u>	<u>1,969,610</u>	<u>(400,138)</u>

CITY OF HAYWARD
Business Improvement
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 3,500	8,717	5,217
Other	<u>-</u>	<u>142</u>	<u>142</u>
Total revenues	<u>3,500</u>	<u>8,859</u>	<u>5,359</u>
EXPENDITURES:			
Community development	<u>43,107</u>	<u>43,531</u>	<u>(424)</u>
Total expenditures	<u>43,107</u>	<u>43,531</u>	<u>(424)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,607)</u>	<u>(34,672)</u>	<u>4,935</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Change in fund balance	(4,607)	328	4,935
BEGINNING FUND BALANCES	<u>178,107</u>	<u>178,107</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 173,500</u>	<u>178,435</u>	<u>4,935</u>

CITY OF HAYWARD

Donation

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 2,000	11,391	9,391
Donations	98	77,912	77,814
Total revenues	2,098	89,303	87,205
EXPENDITURES:			
Community development	115,189	23,444	91,745
Total expenditures	115,189	23,444	91,745
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(113,091)	65,859	178,950
Change in fund balance	(113,091)	65,859	178,950
BEGINNING FUND BALANCES	165,990	165,990	-
ENDING FUND BALANCES	\$ 52,899	231,849	178,950

CITY OF HAYWARD
Community Development Block Grant
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 62,000	70,803	8,803
Intergovernmental	1,942,394	1,385,935	(556,459)
Other	<u>80,000</u>	<u>309,789</u>	<u>229,789</u>
Total revenues	<u>2,084,394</u>	<u>1,766,527</u>	<u>(317,867)</u>
EXPENDITURES:			
Community development	2,910,834	1,994,524	916,310
Debt service:			
Principal	87,076	87,076	-
Interest and fiscal charges	<u>46,254</u>	<u>46,253</u>	<u>1</u>
Total expenditures	<u>3,044,164</u>	<u>2,127,853</u>	<u>916,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(959,770)</u>	<u>(361,326)</u>	<u>598,444</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(11,962)</u>	<u>(11,962)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,962)</u>	<u>(11,962)</u>	<u>-</u>
Change in fund balance	(971,732)	(373,288)	598,444
BEGINNING FUND BALANCE	<u>2,167,684</u>	<u>2,167,684</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,195,952</u>	<u>1,794,396</u>	<u>598,444</u>

CITY OF HAYWARD

Recycling

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 55,982	208,028	152,046
Intergovernmental	699,000	901,308	202,308
Donations	<u>8,600</u>	<u>2,515</u>	<u>(6,085)</u>
Total revenues	<u>763,582</u>	<u>1,111,851</u>	<u>348,269</u>
EXPENDITURES:			
Community development	<u>946,511</u>	<u>777,564</u>	<u>168,947</u>
Total expenditures	<u>946,511</u>	<u>777,564</u>	<u>168,947</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(182,929)</u>	<u>334,287</u>	<u>517,216</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(51,596)</u>	<u>(51,596)</u>	<u>-</u>
Total other financing sources (uses)	<u>(51,596)</u>	<u>(51,596)</u>	<u>-</u>
Change in fund balance	(234,525)	282,691	517,216
BEGINNING FUND BALANCES	<u>4,225,848</u>	<u>4,225,848</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 3,991,323</u>	<u>4,508,539</u>	<u>517,216</u>

CITY OF HAYWARD
Narcotics Asset Seizure
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Fines and forfeitures	\$ 20,000	29,105	9,105
Investment income	<u>-</u>	<u>6,383</u>	<u>6,383</u>
Total revenues	<u>20,000</u>	<u>35,488</u>	<u>15,488</u>
EXPENDITURES:			
Public safety	<u>20,000</u>	<u>80,748</u>	<u>(60,748)</u>
Total expenditures	<u>20,000</u>	<u>80,748</u>	<u>(60,748)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(45,260)</u>	<u>(45,260)</u>
Change in fund balance	-	(45,260)	(45,260)
BEGINNING FUND BALANCES	<u>126,314</u>	<u>126,314</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 126,314</u>	<u>81,054</u>	<u>(45,260)</u>

CITY OF HAYWARD
Local Law Enforcement Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	1,343	1,343
Intergovernmental	<u>-</u>	<u>60,015</u>	<u>60,015</u>
Total revenues	<u>-</u>	<u>61,358</u>	<u>61,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>61,358</u>	<u>61,358</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(57,764)</u>	<u>(41,138)</u>	<u>16,626</u>
Total other financing sources (uses)	<u>(57,764)</u>	<u>(41,138)</u>	<u>16,626</u>
Change in fund balance	(57,764)	20,220	77,984
BEGINNING FUND BALANCES	<u>39,795</u>	<u>39,795</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ (17,969)</u>	<u>60,015</u>	<u>77,984</u>

CITY OF HAYWARD
Citizens' Option for Public Safety Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	3,746	3,746
Intergovernmental	<u>284,292</u>	<u>284,292</u>	<u>-</u>
Total revenues	<u>284,292</u>	<u>288,038</u>	<u>3,746</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>284,292</u>	<u>288,038</u>	<u>3,746</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(284,220)</u>	<u>(282,220)</u>	<u>2,000</u>
Total other financing sources (uses)	<u>(284,220)</u>	<u>(282,220)</u>	<u>2,000</u>
Change in fund balance	72	5,818	5,746
BEGINNING FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 72</u>	<u>5,818</u>	<u>5,746</u>

CITY OF HAYWARD
Park Maintenance District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	9,914	9,914
Special assessments	<u>946,103</u>	<u>1,051,269</u>	<u>105,166</u>
Total revenues	<u>946,103</u>	<u>1,061,183</u>	<u>115,080</u>
EXPENDITURES:			
Culture and leisure	<u>991,319</u>	<u>1,587,379</u>	<u>(596,060)</u>
Total expenditures	<u>991,319</u>	<u>1,587,379</u>	<u>(596,060)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(45,216)</u>	<u>(526,196)</u>	<u>(480,980)</u>
Change in fund balance	(45,216)	(526,196)	(480,980)
BEGINNING FUND BALANCES	<u>2,786,436</u>	<u>2,786,436</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 2,741,220</u>	<u>2,260,240</u>	<u>(480,980)</u>

CITY OF HAYWARD
HOME Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Intergovernmental	\$ 30,000	230,700	200,700
Total revenues	<u>30,000</u>	<u>230,700</u>	<u>200,700</u>
EXPENDITURES:			
Community development	<u>230,000</u>	<u>231,491</u>	<u>(1,491)</u>
Total expenditures	<u>230,000</u>	<u>231,491</u>	<u>(1,491)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200,000)</u>	<u>(791)</u>	<u>199,209</u>
Change in fund balance	(200,000)	(791)	199,209
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ (200,000)</u>	<u>(791)</u>	<u>199,209</u>

CITY OF HAYWARD

Motorola Police Radio

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	-	-
Total revenues	-	-	-
EXPENDITURES:			
Debt service:			
Principal repayment	46,159	128,592	(82,433)
Interest and fiscal charges	14,112	43,170	(29,058)
Total expenditures	60,271	171,762	(111,491)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(60,271)	(171,762)	(111,491)
OTHER FINANCING SOURCES (USES)			
Transfers in	60,271	171,762	111,491
Total other financing sources (uses)	60,271	171,762	111,491
Change in fund balance	-	-	-
BEGINNING FUND BALANCES	-	-	-
ENDING FUND BALANCES	\$ -	-	-

CITY OF HAYWARD
Measure B Retail Sales Tax
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Sales and use taxes	\$ -	6,050	6,050
Investment income	43,000	93,196	50,196
Intergovernmental	1,929,000	1,887,807	(41,193)
Project revenues	<u>-</u>	<u>520</u>	<u>520</u>
Total revenues	<u>1,972,000</u>	<u>1,987,573</u>	<u>15,573</u>
EXPENDITURES:			
Public works and transportation	<u>2,280,000</u>	<u>1,144,337</u>	<u>1,135,663</u>
Total expenditures	<u>2,280,000</u>	<u>1,144,337</u>	<u>1,135,663</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(308,000)</u>	<u>843,236</u>	<u>1,151,236</u>
Change in fund balance	(308,000)	843,236	1,151,236
BEGINNING FUND BALANCES	<u>2,177,116</u>	<u>2,177,116</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 1,869,116</u>	<u>3,020,352</u>	<u>1,151,236</u>

CITY OF HAYWARD

Measure B Paratransit

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 1,000	3,427	2,427
Intergovernmental	899,236	942,093	42,857
Other	<u>108,000</u>	<u>3,323</u>	<u>(104,677)</u>
Total revenues	<u>1,008,236</u>	<u>948,843</u>	<u>(59,393)</u>
EXPENDITURES:			
Community development	<u>1,008,236</u>	<u>893,375</u>	<u>114,861</u>
Total expenditures	<u>1,008,236</u>	<u>893,375</u>	<u>114,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>55,468</u>	<u>55,468</u>
Change in fund balance	-	55,468	55,468
BEGINNING FUND BALANCES	<u>222,578</u>	<u>222,578</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 222,578</u>	<u>278,046</u>	<u>55,468</u>

CITY OF HAYWARD

Measure B Pedestrian

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 6,000	-	(6,000)
Intergovernmental	413,000	403,611	(9,389)
Project revenues	-	19,404	19,404
Other	90,000	-	(90,000)
Total revenues	509,000	423,015	(85,985)
EXPENDITURES:			
Public works and transportation	413,000	662,455	(249,455)
Total expenditures	413,000	662,455	(249,455)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	96,000	(239,440)	(335,440)
Change in fund balance	96,000	(239,440)	(335,440)
BEGINNING FUND BALANCES	299,875	299,875	-
ENDING FUND BALANCES	\$ 395,875	60,435	(335,440)

CITY OF HAYWARD
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	-	128,462	128,462
Other revenue	-	-	50,095	50,095
Total revenues	-	-	178,557	178,557
EXPENDITURES:				
Nondepartmental	4,339	4,339	1,258	3,081
Community development	-	-	2,000	(2,000)
Debt service:				
Principal repayment	785,000	785,000	846,380	(61,380)
Interest and fiscal charges	-	-	2,146,433	(2,146,433)
Total expenditures	789,339	789,339	2,996,071	(2,206,732)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(789,339)	(789,339)	(2,817,514)	(2,028,175)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,321,980	2,321,980	2,196,356	(125,624)
Transfers out	-	-	(4,574,055)	(4,574,055)
Proceeds from bond issuance	-	-	31,820,000	31,820,000
Payment to bond escrow agent	-	-	(26,931,872)	(26,931,872)
Total other financing sources (uses)	2,321,980	2,321,980	2,510,429	188,449
Change in fund balance	1,532,641	1,532,641	(307,085)	(1,839,726)
BEGINNING FUND BALANCES	494,889	494,889	494,889	-
ENDING FUND BALANCES	\$ 2,027,530	2,027,530	187,804	(1,839,726)

CITY OF HAYWARD
Redevelopment Agency Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	204,867	204,867
Total revenues	-	204,867	204,867
EXPENDITURES:			
Community development	9,300	7,572	1,728
Debt service:			
Principal repayment	1,210,000	1,210,000	-
Interest and fiscal charges	2,722,771	2,722,771	-
Total expenditures	3,942,071	3,940,343	1,728
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,942,071)	(3,735,476)	206,595
OTHER FINANCING SOURCES (USES)			
Transfers in	3,932,772	3,896,398	(36,374)
Transfers (out)	(9,300)	(753,023)	(743,723)
Total other financing sources (uses)	3,923,472	3,143,375	(780,097)
Change in fund balance	(18,599)	(592,101)	(573,502)
BEGINNING FUND BALANCES	4,609,660	4,609,660	-
ENDING FUND BALANCES	\$ 4,591,061	4,017,559	(573,502)

CITY OF HAYWARD
 Unisys Computer Lease
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
EXPENDITURES:			
Debt service:			
Principal repayment	\$ 94,872	94,870	2
Interest and fiscal charges	<u>15,107</u>	<u>15,107</u>	<u>-</u>
Total expenditures	<u>109,979</u>	<u>109,977</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(109,979)</u>	<u>(109,977)</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>109,979</u>	<u>109,977</u>	<u>(2)</u>
Total other financing sources (uses)	<u>109,979</u>	<u>109,977</u>	<u>(2)</u>
Change in fund balance	-	-	-
BEGINNING FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF HAYWARD
Public Financing Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	845	845
Total revenues	<u>-</u>	<u>845</u>	<u>845</u>
EXPENDITURES:			
Nondepartmental	1,915	2,101	(186)
Debt service:			
Principal repayment	325,000	325,000	-
Interest and fiscal charges	<u>219,284</u>	<u>131,005</u>	<u>88,279</u>
Total expenditures	<u>546,199</u>	<u>458,106</u>	<u>88,093</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(546,199)</u>	<u>(457,261)</u>	<u>88,938</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	546,199	4,710,483	4,164,284
Transfers out	-	(226,646)	(226,646)
Payment to escrow agent	<u>-</u>	<u>(4,252,611)</u>	<u>(4,252,611)</u>
Total other financing sources (uses)	<u>546,199</u>	<u>231,226</u>	<u>(314,973)</u>
Change in fund balance	-	(226,035)	(226,035)
BEGINNING FUND BALANCES	<u>226,035</u>	<u>226,035</u>	<u>-</u>
ENDING FUND BALANCES	<u><u>\$ 226,035</u></u>	<u><u>-</u></u>	<u><u>(226,035)</u></u>

CITY OF HAYWARD
Solar Panel Electric Generator
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	3,875	3,875
Total revenues	-	3,875	3,875
EXPENDITURES:			
Debt service:			
Principal repayment	25,000	25,000	-
Interest and fiscal charges	47,488	47,489	(1)
Total expenditures	72,488	72,489	(1)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,488)	(68,614)	3,874
OTHER FINANCING SOURCES (USES)			
Transfers in	72,488	72,488	-
Transfers out	-	(4,274)	(4,274)
Total other financing sources (uses)	72,488	68,214	(4,274)
Change in fund balance	-	(400)	(400)
BEGINNING FUND BALANCES	104,016	104,016	-
ENDING FUND BALANCES	\$ 104,016	103,616	(400)

CITY OF HAYWARD
General Capital Projects
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 156,000	225,437	69,437
Intergovernmental	2,390,000	2,685,667	295,667
Project revenues	5,280	6,080	800
Other	<u>3,777,000</u>	<u>1,390,187</u>	<u>(2,386,813)</u>
Total revenues	<u>6,328,280</u>	<u>4,307,371</u>	<u>(2,020,909)</u>
EXPENDITURES:			
Public works and transportation	-	1,321	(1,321)
Capital outlay	5,218,213	5,109,742	108,471
Debt service:			
Principal repayment	240,000	240,000	-
Interest and fiscal charges	<u>14,800</u>	<u>14,800</u>	<u>-</u>
Total expenditures	<u>5,473,013</u>	<u>5,365,863</u>	<u>107,150</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>855,267</u>	<u>(1,058,492)</u>	<u>(1,913,759)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of long term debt	-	1,342,011	1,342,011
Transfers in	518,000	808,000	290,000
Transfers out	<u>-</u>	<u>(45,441)</u>	<u>(45,441)</u>
Total other financing sources (uses)	<u>518,000</u>	<u>2,104,570</u>	<u>1,586,570</u>
Change in fund balance	1,373,267	1,046,078	(327,189)
BEGINNING FUND BALANCES	<u>5,627,567</u>	<u>5,627,567</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 7,000,834</u>	<u>6,673,645</u>	<u>(327,189)</u>

CITY OF HAYWARD

Traffic Signal

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 24,000	30,704	6,704
Project revenues	-	340	340
Other	-	238,518	238,518
Total revenues	24,000	269,562	245,562
EXPENDITURES:			
Capital outlay	704,704	864,739	(160,035)
Total expenditures	704,704	864,739	(160,035)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(680,704)	(595,177)	85,527
OTHER FINANCING SOURCES (USES):			
Transfers in	350,000	350,000	-
Total other financing sources (uses)	350,000	350,000	-
Change in fund balance	(330,704)	(245,177)	85,527
BEGINNING FUND BALANCES	781,230	781,230	-
ENDING FUND BALANCES	\$ 450,526	536,053	85,527

CITY OF HAYWARD

Route 238

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 356,000	882,116	526,116
Rental income	326,000	286,107	(39,893)
Project revenues	<u>7,612,000</u>	<u>900</u>	<u>(7,611,100)</u>
Total revenues	<u>8,294,000</u>	<u>1,169,123</u>	<u>(7,124,877)</u>
EXPENDITURES:			
Capital outlay	<u>6,294,277</u>	<u>356,214</u>	<u>5,938,063</u>
Total expenditures	<u>6,294,277</u>	<u>356,214</u>	<u>5,938,063</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,999,723</u>	<u>812,909</u>	<u>(1,186,814)</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>-</u>	<u>(240,000)</u>	<u>(240,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(240,000)</u>	<u>(240,000)</u>
Change in fund balance	1,999,723	572,909	(1,426,814)
BEGINNING FUND BALANCES	<u>17,846,886</u>	<u>17,846,886</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 19,846,609</u>	<u>18,419,795</u>	<u>(1,426,814)</u>

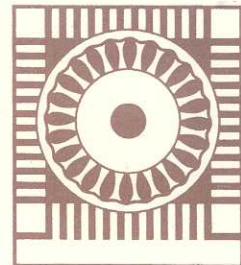
CITY OF HAYWARD
Local Improvement 16
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ -	-	-
Total revenues	-	-	-
EXPENDITURES:			
Public works and transportation	-	7,683	(7,683)
Capital outlay	-	23	(23)
Total expenditures	-	7,706	(7,706)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(7,706)	(7,706)
Change in fund balance	-	(7,706)	(7,706)
BEGINNING FUND BALANCES	7,706	7,706	-
ENDING FUND BALANCES	\$ 7,706	-	(7,706)

CITY OF HAYWARD
Special Assessment
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment income	\$ 6,000	23,855	17,855
Other	<u>-</u>	<u>4,493</u>	<u>4,493</u>
Total revenues	<u>6,000</u>	<u>28,348</u>	<u>22,348</u>
EXPENDITURES:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,000</u>	<u>28,348</u>	<u>22,348</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>-</u>	<u>(9,850)</u>	<u>(9,850)</u>
Total other financing sources (uses)	<u>-</u>	<u>(9,850)</u>	<u>(9,850)</u>
Change in fund balance	6,000	18,498	12,498
BEGINNING FUND BALANCES	<u>484,656</u>	<u>484,656</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 490,656</u>	<u>503,154</u>	<u>12,498</u>

CITY OF HAYWARD



Non-Major Enterprise Funds

NON-MAJOR ENTERPRISE FUNDS

Centennial Hall Maintenance and Operation Fund – Accounts for rental of the public facilities of Centennial Hall and the use of rental revenue to support Centennial Hall operation and maintenance.

Stormwater Fund – Accounts for activities with stormwater management and urban runoff control, as required by Federal and State law.

CITY OF HAYWARD
Non-Major Enterprise Funds
Combining Statement of Net Assets
For the Year Ended June 30, 2008

	Centennial Hall Maintenance and Operation	Stormwater	Total
ASSETS			
Current assets:			
Cash and investments	\$ 5,375	856,971	862,346
Accounts receivable (net of allowance for uncollectibles)	-	85,574	85,574
Interest receivable	-	7,119	7,119
Total current assets	<u>5,375</u>	<u>949,664</u>	<u>955,039</u>
Noncurrent assets			
Land and construction in progress	372,748	-	372,748
Capital assets being depreciated, net of accumulated depreciation	<u>527,141</u>	<u>8,786</u>	<u>535,927</u>
Total noncurrent assets	<u>899,889</u>	<u>8,786</u>	<u>908,675</u>
Total assets	<u>905,264</u>	<u>958,450</u>	<u>1,863,714</u>
LIABILITIES			
Current liabilities:			
Accounts payable	21,437	4,859	26,296
Accrued liabilities	6,090	16,844	22,934
Refundable deposits	59,768	-	59,768
Claims payable	22,034	-	22,034
Compensated absences	<u>14,589</u>	<u>78,763</u>	<u>93,352</u>
Total current liabilities	<u>123,918</u>	<u>100,466</u>	<u>224,384</u>
Total liabilities	<u>123,918</u>	<u>100,466</u>	<u>224,384</u>
NET ASSETS			
Invested in capital assets, net of related debt	940,079	-	940,079
Unrestricted	<u>(158,733)</u>	<u>857,984</u>	<u>699,251</u>
Total net assets	<u>\$ 781,346</u>	<u>857,984</u>	<u>1,639,330</u>

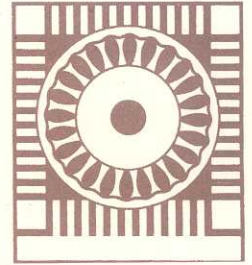
CITY OF HAYWARD
Non-major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	Centennial Hall Maintenance and Operation	Stormwater	Total
OPERATING REVENUES			
Charges for services	\$ 293,948	2,710,813	3,004,761
Other	<u>4,298</u>	<u>3,923</u>	<u>8,221</u>
Total operating revenues	<u>298,246</u>	<u>2,714,736</u>	<u>3,012,982</u>
OPERATING EXPENSES			
Salaries and related expenses	434,277	1,362,579	1,796,856
Materials, supplies and services	144,576	320,760	465,336
Repairs and maintenance	59,921	363,181	423,102
Depreciation	<u>40,190</u>	<u>2,973</u>	<u>43,163</u>
Total operating expenses	<u>678,964</u>	<u>2,049,493</u>	<u>2,728,457</u>
Operating income (loss)	<u>(380,718)</u>	<u>665,243</u>	<u>284,525</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	<u>-</u>	<u>24,249</u>	<u>24,249</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>24,249</u>	<u>24,249</u>
Income (loss) before transfers	<u>(380,718)</u>	<u>689,492</u>	<u>308,774</u>
Transfers in	391,136	-	391,136
Transfers out	<u>(112,801)</u>	<u>(185,817)</u>	<u>(298,618)</u>
Net transfers	<u>278,335</u>	<u>(185,817)</u>	<u>92,518</u>
Change in net assets	(102,383)	503,675	401,292
BEGINNING NET ASSETS	<u>883,729</u>	<u>354,309</u>	<u>1,238,038</u>
ENDING NET ASSETS	<u>\$ 781,346</u>	<u>857,984</u>	<u>1,639,330</u>

CITY OF HAYWARD
Non-Major Enterprise funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2008

	Centennial Hall Maintenance and Opeartion	Stormwater	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 299,236	2,626,090	2,925,326
Payments to suppliers	(176,898)	(674,842)	(851,740)
Payments to employees	(436,425)	(1,369,807)	(1,806,232)
Cash flows from operating activities	<u>(314,087)</u>	<u>581,441</u>	<u>267,354</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	391,136	-	391,136
Transfers out	(112,801)	(185,817)	(298,618)
Cash flows from noncapital financing activities	<u>278,335</u>	<u>(185,817)</u>	<u>92,518</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	-	24,249	24,249
Cash flows from investing activities	<u>-</u>	<u>24,249</u>	<u>24,249</u>
Net increase (decrease) in cash and cash equivalents	(35,752)	419,873	24,249
Cash and cash equivalents at beginning of period	41,127	437,098	478,225
Cash and cash equivalents at end of period	<u>\$ 5,375</u>	<u>856,971</u>	<u>862,346</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (380,718)	665,243	284,525
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	40,190	2,973	43,163
Change in assets and liabilities:			
Accounts receivable	990	(88,646)	(87,656)
Accounts payable and other accrued expenses	(47,076)	9,099	(37,977)
Compensated absences	(2,148)	(7,228)	(9,376)
Claims payable	22,034	-	22,034
Refundable deposits	52,641	-	52,641
Cash flows from operating activities	<u>\$ (314,087)</u>	<u>581,441</u>	<u>267,354</u>

CITY OF HAYWARD



Internal Services Funds

INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Workers' Compensation Insurance Fund – Accounts for workers' compensation reimbursable costs.

General Liability Fund – Accounts for risk management expenses and self-insurance costs.

Equipment Management Fund – Accounts for operation, maintenance and replacement of vehicles and mobile radio units.

CITY OF HAYWARD
Internal Service Funds
Combining Statement of Net Assets
For the Year Ended June 30, 2008

	Workers' Compensation Insurance	General Liability	Equipment Management	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,193,615	2,285,015	250	3,478,880
Cash and investments with fiscal agent	-	-	947,797	947,797
Accounts receivable	84	17,489	9,123	26,696
Interest receivable	9,995	-	-	9,995
Prepaid expenses	-	-	347,683	347,683
Total current assets	<u>1,203,694</u>	<u>2,302,504</u>	<u>1,304,853</u>	<u>4,811,051</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	-	-	6,195,863	6,195,863
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>6,195,863</u>	<u>6,195,863</u>
Total assets	<u>1,203,694</u>	<u>2,302,504</u>	<u>7,500,716</u>	<u>11,006,914</u>
LIABILITIES				
Current liabilities:				
Accounts payable	10,276	54,378	444,665	509,319
Due to other funds	-	-	802,336	802,336
Long term debt - due within on year	-	-	1,027,204	1,027,204
Accrued liabilities	<u>3,636,737</u>	<u>2,247,604</u>	<u>22,236</u>	<u>5,906,577</u>
Total current liabilities	<u>3,647,013</u>	<u>2,301,982</u>	<u>2,296,441</u>	<u>8,245,436</u>
Noncurrent liabilities:				
Compensated absences	18,193	20,605	102,342	141,140
Long term debt - due in more than one year	-	-	2,231,187	2,231,187
Total noncurrent liabilities	<u>18,193</u>	<u>20,605</u>	<u>2,333,529</u>	<u>2,372,327</u>
Total liabilities	<u>3,665,206</u>	<u>2,322,587</u>	<u>4,629,970</u>	<u>10,617,763</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	2,937,472	2,937,472
Unrestricted	<u>(2,461,512)</u>	<u>(20,083)</u>	<u>(66,726)</u>	<u>(2,548,321)</u>
Total net assets (deficit)	<u>\$ (2,461,512)</u>	<u>(20,083)</u>	<u>2,870,746</u>	<u>389,151</u>

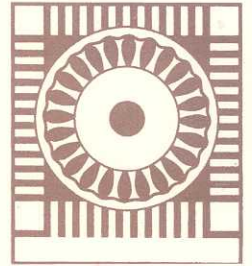
CITY OF HAYWARD
Internal Services Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	Workers' Compensation Insurance	General Liability	Equipment Management	Total
OPERATING REVENUES				
Charges for services	\$ 4,382,077	-	4,225,803	8,607,880
Other	<u>82</u>	<u>17,137</u>	<u>728</u>	<u>17,947</u>
Total operating revenues	<u>4,382,159</u>	<u>17,137</u>	<u>4,226,531</u>	<u>8,625,827</u>
OPERATING EXPENSES				
Salaries and related expenses	261,331	466,509	1,337,053	2,064,893
Materials, supplies and services	2,038	1,260,695	1,717,168	2,979,901
Repairs and maintenance	-	149,641	169,068	318,709
Self-funded insurance expense	3,765,909	833,441	1,990	4,601,340
Depreciation	<u>-</u>	<u>-</u>	<u>1,273,514</u>	<u>1,273,514</u>
Total operating expenses	<u>4,029,278</u>	<u>2,710,286</u>	<u>4,498,793</u>	<u>11,238,357</u>
Operating income (loss)	<u>352,881</u>	<u>(2,693,149)</u>	<u>(272,262)</u>	<u>(2,612,530)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	70,778	105,794	63,248	239,820
Interest (expense)	-	-	(133,830)	(133,830)
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>53,845</u>	<u>53,845</u>
Total nonoperating revenues (expenses)	<u>70,778</u>	<u>105,794</u>	<u>(16,737)</u>	<u>159,835</u>
Income (loss) before transfers	<u>423,659</u>	<u>(2,587,355)</u>	<u>(288,999)</u>	<u>(2,452,695)</u>
Transfers in	-	2,091,641	-	2,091,641
Transfers out	<u>(154,578)</u>	<u>(355,402)</u>	<u>(175,922)</u>	<u>(685,902)</u>
Net transfers	<u>(154,578)</u>	<u>1,736,239</u>	<u>(175,922)</u>	<u>1,405,739</u>
Change in net assets	269,081	(851,116)	(464,921)	(1,046,956)
BEGINNING NET ASSETS (DEFICITS)	<u>(2,730,593)</u>	<u>831,033</u>	<u>3,335,667</u>	<u>1,436,107</u>
ENDING NET ASSETS (DEFICITS)	<u>\$ (2,461,512)</u>	<u>(20,083)</u>	<u>2,870,746</u>	<u>389,151</u>

CITY OF HAYWARD
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2008

	Workers' Compensation Insurance	General Liability	Equipment Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,382,097	150,680	4,054,308	8,587,085
Payments to suppliers	14,376	(1,684,897)	(1,490,997)	(3,161,518)
Payments to employees	(256,788)	(469,112)	(1,335,931)	(2,061,831)
Claims paid	<u>(4,718,566)</u>	<u>349,029</u>	<u>68,754</u>	<u>(4,300,783)</u>
Cash flows from operating activities	<u>(578,881)</u>	<u>(1,654,300)</u>	<u>1,296,134</u>	<u>(937,047)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	2,091,641	-	2,091,641
Transfers out	<u>(154,578)</u>	<u>(355,402)</u>	<u>(246,931)</u>	<u>(756,911)</u>
Cash flows from noncapital financing activities	<u>(154,578)</u>	<u>1,736,239</u>	<u>(246,931)</u>	<u>1,334,730</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	(1,274,649)	(1,274,649)
Proceeds from long term debt	-	-	242,433	242,433
Interest paid on capital debt	-	-	(133,830)	(133,830)
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>53,845</u>	<u>53,845</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,112,201)</u>	<u>(1,112,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	<u>70,778</u>	<u>105,794</u>	<u>63,248</u>	<u>239,820</u>
Cash flows from investing activities	<u>70,778</u>	<u>105,794</u>	<u>63,248</u>	<u>239,820</u>
Net increase (decrease) in cash and cash equivalents	(662,681)	187,733	250	(474,698)
Cash and cash equivalents at beginning of period	<u>1,856,296</u>	<u>2,089,711</u>	<u>-</u>	<u>3,946,007</u>
Cash and cash equivalents at end of period	<u>\$ 1,193,615</u>	<u>2,277,444</u>	<u>250</u>	<u>3,471,309</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 352,881	(2,693,149)	(272,262)	(2,612,530)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	-	1,273,514	1,273,514
Change in assets and liabilities:				
Receivables, net	(62)	2,785	(13,486)	(10,763)
Prepaid expenses	-	-	(347,683)	(347,683)
Other assets	6,432	130,758	188,946	326,136
Accounts and other payables	9,982	(274,561)	395,239	130,660
Compensated absences	4,543	(2,603)	1,122	3,062
Other accrued expenses	<u>(952,657)</u>	<u>1,182,470</u>	<u>70,744</u>	<u>300,557</u>
Cash flows from operating activities	<u>\$ (578,881)</u>	<u>(1,654,300)</u>	<u>1,296,134</u>	<u>(937,047)</u>

CITY OF HAYWARD



Agency Funds

AGENCY FUNDS

Agency Funds, which are the only fiduciary funds the City has, are to be presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

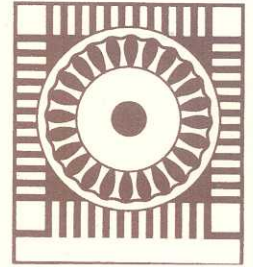
Local Improvement Districts Fund – Accounts for debt service activities for LIDs #14, #15, #16, #17 and Community Facilities District #1. The City has no commitment for the repayment of these Districts' debt.

Other Agency Funds – Accounts for activities of Hayward Coalition for Youth and the Hayward Friends of the Library Fund.

CITY OF HAYWARD
Agency Funds
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2008

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
LOCAL IMPROVEMENT DISTRICTS				
Assets:				
Cash and investments available for operations	\$ 1,788,647	498,897	-	2,287,544
Restricted cash and cash equivalents	1,199,208	-	354,817	844,391
Interest receivable	13,872	14,815	13,872	14,815
Total assets	<u>\$ 3,001,727</u>	<u>513,712</u>	<u>368,689</u>	<u>3,146,750</u>
Liabilities:				
Accounts payable	\$ 30,004	1,250	30,004	1,250
Accrued liabilities	31	-	-	31
Refundable deposits	20,000	-	-	20,000
Due to assessment districts	2,951,692	173,777	-	3,125,469
Total liabilities	<u>\$ 3,001,727</u>	<u>175,027</u>	<u>30,004</u>	<u>3,146,750</u>
OTHER AGENCY FUNDS				
Assets:				
Cash and investments available for operations	\$ 1,095,619	-	1,086,205	9,414
Interest receivable	8,601	45	8,601	45
Total assets	<u>\$ 1,104,220</u>	<u>45</u>	<u>1,094,806</u>	<u>9,459</u>
Liabilities:				
Accounts payable	\$ 7,458	480	7,458	480
Refundable deposits	6,391	1,885	-	8,276
Due to others	1,090,371	-	1,089,668	703
Total liabilities	<u>\$ 1,104,220</u>	<u>2,365</u>	<u>1,097,126</u>	<u>9,459</u>
TOTAL				
Assets:				
Cash and investments available for operations	\$ 2,884,266	498,897	1,086,205	2,296,958
Restricted cash and cash equivalents	1,199,208	-	354,817	844,391
Interest receivable	22,473	14,860	22,473	14,860
Total assets	<u>\$ 4,105,947</u>	<u>513,757</u>	<u>1,463,495</u>	<u>3,156,209</u>
Liabilities:				
Accounts payable	\$ 37,462	1,730	37,462	1,730
Accrued liabilities	31	-	-	31
Refundable deposits	26,391	1,885	-	28,276
Due to assessment districts and other	4,042,063	173,777	1,089,668	3,126,172
Total liabilities	<u>\$ 4,105,947</u>	<u>177,392</u>	<u>1,127,130</u>	<u>3,156,209</u>

CITY OF HAYWARD



STATISTICAL

STATISTICAL SECTION

This part of the City of Hayward's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

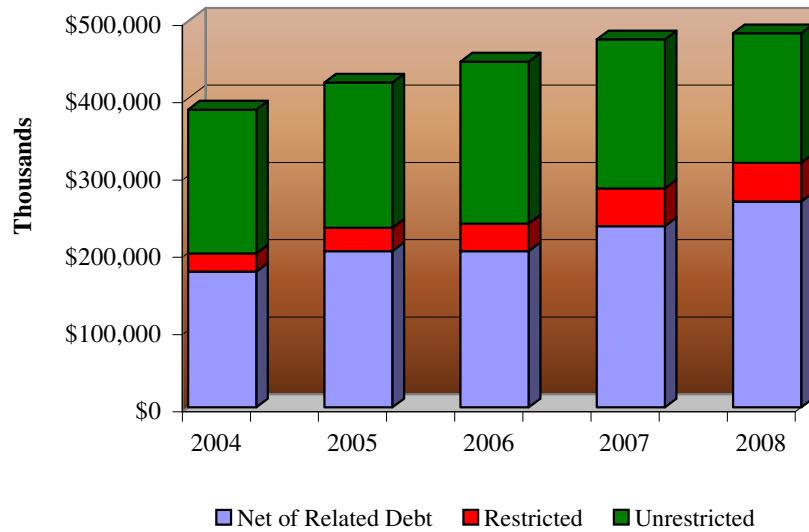
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HAYWARD
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)



	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$87,010,579	\$105,543,242	\$100,174,478	\$126,446,824	\$165,674,448
Restricted	19,969,088	26,607,973	31,759,679	45,104,958	50,176,114
Unrestricted	97,124,330	91,426,581	100,340,730	79,057,083	33,506,242
Total governmental activities net assets	<u>\$204,103,997</u>	<u>\$223,577,796</u>	<u>\$232,274,887</u>	<u>\$250,608,865</u>	<u>\$249,356,804</u>
Business-type activities					
Invested in capital assets, net of related debt	\$88,717,547	\$96,826,953	\$102,076,570	\$108,163,977	\$100,748,593
Restricted	3,633,608	3,740,371	4,066,211	3,934,308	0 *
Unrestricted	88,951,145	96,273,748	109,237,767	113,683,272	134,111,663
Total business-type activities net assets	<u>\$181,302,300</u>	<u>\$196,841,072</u>	<u>\$215,380,548</u>	<u>\$225,781,557</u>	<u>\$234,860,256</u>
Primary government					
Invested in capital assets, net of related debt	\$175,728,126	\$202,370,195	\$202,251,048	\$234,610,801	\$266,423,041
Restricted	23,602,696	30,348,344	35,825,890	49,039,266	50,176,114
Unrestricted	186,075,475	187,700,329	209,578,497	192,740,355	167,617,905
Total primary government net assets	<u>\$385,406,297</u>	<u>\$420,418,868</u>	<u>\$447,655,435</u>	<u>\$476,390,422</u>	<u>\$484,217,060</u>

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

* Due to revised accounting principles, cash held with fiscal agents for capital projects of business-type activities is included as Invested in capital assets.

CITY OF HAYWARD
Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental Activities:					
General Government	\$12,177,247	\$13,654,224	\$14,609,331	\$14,937,511	\$15,432,428
Public Safety	64,331,055	67,222,703	70,477,309	73,909,494	83,609,438
Public Works and Transportation	13,800,927	17,390,733	14,323,266	19,796,435	16,393,568
Community Development	11,900,314	7,984,954	8,865,415	8,016,005	11,939,160
Culture and Leisure	3,477,318	3,596,431	3,672,910	3,785,273	5,629,749
Nondepartmental	652,406	1,433,854	1,874,955	1,379,106	0
Interest on Long Term Debt	3,605,614	5,505,758	4,377,655	5,006,826	6,060,020
Total Governmental Activities Expenses	<u>109,944,881</u>	<u>116,788,657</u>	<u>118,200,841</u>	<u>126,830,650</u>	<u>139,064,363</u>
Business-Type Activities:					
Sewer	12,039,604	12,392,848	13,266,648	13,349,209	15,250,146
Water	22,242,953	22,701,995	30,543,073	24,582,923	25,585,042
Airport	2,760,572	2,299,811	2,628,720	2,442,805	2,644,168
Centennial Hall Maintenance and Operation	572,039	655,943	638,060	678,612	678,964
Stormwater	1,877,223	1,898,390	1,926,372	1,909,447	2,049,493
Total Business-Type Activities Expenses	<u>39,492,391</u>	<u>39,948,987</u>	<u>49,002,873</u>	<u>42,962,996</u>	<u>46,207,813</u>
Total Primary Government Expenses	<u>\$149,437,272</u>	<u>\$156,737,644</u>	<u>\$167,203,714</u>	<u>\$169,793,646</u>	<u>\$185,272,176</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$833,861	\$953,629	\$898,607	\$949,015	817,256
Public Safety	3,892,046	4,254,278	4,366,551	5,075,945	5,123,501
Public Works and Transportation	5,095,192	6,582,192	5,442,263	7,279,079	6,905,792
Community Development	537,193	936,424	439,991	525,981	682,789
Culture and Leisure	90,359	109,454	112,009	96,406	106,920
Nondepartmental		115,163			
Operating Grants and Contributions	13,148,844	17,200,534	14,349,003	18,296,402	15,332,573
Capital Grants and Contributions	9,182,567	14,963,874	3,800,451	2,596,202	2,856,295
Total Government Activities Program Revenues	<u>32,780,062</u>	<u>45,115,548</u>	<u>29,408,875</u>	<u>34,819,030</u>	<u>31,825,126</u>
Business-Type Activities:					
Charges for Services:					
Sewer	14,534,334	14,418,438	13,803,163	15,981,344	16,507,956
Water	27,448,531	29,781,593	32,666,971	23,287,599	24,550,837
Airport	2,565,353	2,567,609	2,863,279	3,179,495	2,049,105
Centennial Hall Maintenance & Operation	293,508	325,606	335,079	331,503	293,948
Stormwater	1,847,674	1,875,879	1,892,761	1,899,910	2,710,813
Operating Grants and Contributions	1,474,610	2,002,317	2,486,029	4,315,427	4,771,353
Capital Grants and Contributions	211,414	4,558,307	3,399,012	400,343	1,728,487
Total Business-Type Activities Program Revenue	<u>48,375,424</u>	<u>55,529,749</u>	<u>57,446,294</u>	<u>49,395,621</u>	<u>52,612,499</u>
Total Primary Government Program Revenues	<u>\$81,155,486</u>	<u>\$100,645,297</u>	<u>\$86,855,169</u>	<u>\$84,214,651</u>	<u>\$84,437,625</u>
Net (Expense)/Revenue					
Governmental Activities	(\$77,164,819)	(\$71,673,109)	(\$88,791,966)	(\$92,011,620)	(\$107,239,237)
Business-Type Activities	8,883,033	15,580,762	8,443,421	6,432,625	6,404,686
Total Primary Government Net Expense	<u>(\$68,281,786)</u>	<u>(\$56,092,347)</u>	<u>(\$80,348,545)</u>	<u>(\$85,578,995)</u>	<u>(\$100,834,551)</u>

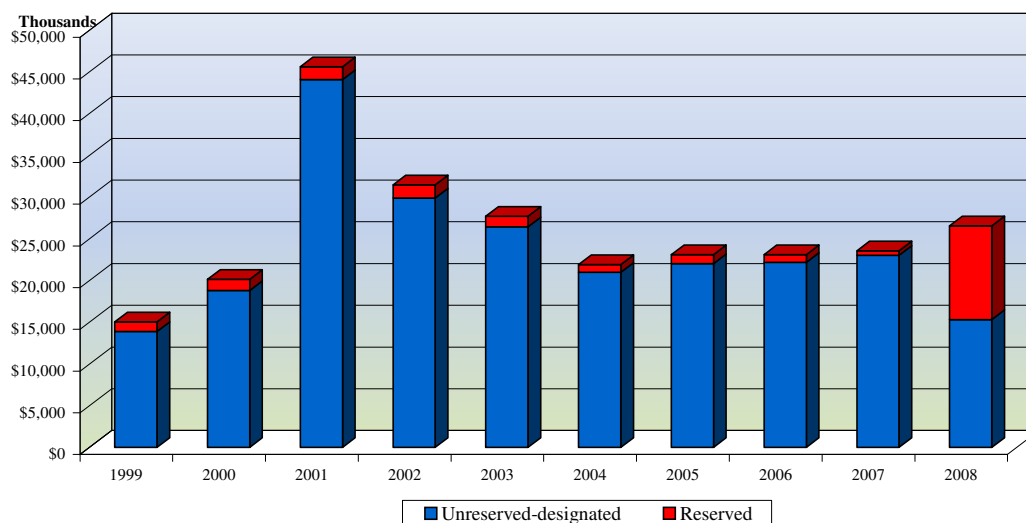
Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

CITY OF HAYWARD
Changes in Net Assets
(continued)
Last Five Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Primary Government Net Expense from prior page	<u>(\$68,281,786)</u>	<u>(\$56,092,347)</u>	<u>(\$80,348,545)</u>	<u>(\$85,578,995)</u>	<u>(\$100,834,551)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	\$19,577,399	\$18,979,828	\$21,644,158	\$24,652,905	\$38,464,255
Incremental Property Tax	6,138,632	7,035,684	9,154,816	11,465,642	10,729,476
Special Assessments	547,431	435,625	487,740	919,634	0
Sales Taxes	25,412,984	27,155,334	26,685,813	28,857,677	28,512,340
Real Property Transfer Tax	6,868,993	9,726,317	9,707,512	7,119,746	5,077,214
Franchise Tax	4,025,269	4,573,497	4,772,210	4,766,970	6,166,499
Business Tax	2,048,226	2,244,517	2,331,639	2,481,365	2,480,696
Excise Tax	1,593,025	1,682,266	1,942,949	1,918,155	1,931,187
Other Taxes	4,646,800	4,377,074	4,739,437	5,079,403	4,933,567
Motor Vehicle in lieu	6,445,650	9,336,645	12,886,423	10,821,864	671,084
Investment Earnings	1,098,659	1,378,102	1,976,795	3,135,049	3,638,001
Gain (Loss) from disposal of capital assets					53,845
Miscellaneous	897,242	1,980,050	704,136	6,906,996	2,889,548
Transfers	<u>1,907,456</u>	<u>2,241,969</u>	<u>455,429</u>	<u>2,220,192</u>	<u>2,829,378</u>
Total Governmental Activities General Revenues and Transfers	<u>81,207,766</u>	<u>91,146,908</u>	<u>97,489,057</u>	<u>110,345,598</u>	<u>108,377,090</u>
Business-Type Activities:					
Investment Earnings	1,586,986	2,199,979	2,702,484	6,078,001	5,245,152
Gain (Loss) from disposal of capital assets			7,849,000	110,575	251,354
Miscellaneous					437,661
Transfers	<u>(1,907,456)</u>	<u>(2,241,969)</u>	<u>(455,429)</u>	<u>(2,220,192)</u>	<u>(2,829,378)</u>
Total Business-Type Activities General Revenues and Transfers	<u>(320,470)</u>	<u>(41,990)</u>	<u>10,096,055</u>	<u>3,968,384</u>	<u>3,104,789</u>
Total Primary Government General Revenues and Transfers	<u>\$80,887,296</u>	<u>\$91,104,918</u>	<u>\$107,585,112</u>	<u>\$114,313,982</u>	<u>\$111,481,879</u>
Change in Net Assets					
Governmental Activities	\$4,042,947	\$19,473,799	\$8,697,091	\$18,333,978	\$1,137,853
Business-Type Activities	<u>8,562,563</u>	<u>15,538,772</u>	<u>18,539,476</u>	<u>10,401,009</u>	<u>9,509,475</u>
Total Primary Government	<u>\$12,605,510</u>	<u>\$35,012,571</u>	<u>\$27,236,567</u>	<u>\$28,734,987</u>	<u>\$10,647,328</u>

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

CITY OF HAYWARD
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$1,158,145	\$1,346,708	\$1,514,988	\$1,550,636	\$1,267,228	\$913,353	\$1,063,439	\$925,067	\$502,204	\$11,213,927
Unreserved-designated	13,881,528	18,776,161	44,061,822	29,878,057	26,401,209	20,983,427	22,021,325	22,142,634	23,022,362	15,317,927
Total General Fund (a)	<u>\$15,039,673</u>	<u>\$20,122,869</u>	<u>\$45,576,810</u>	<u>\$31,428,693</u>	<u>\$27,668,437</u>	<u>\$21,896,780</u>	<u>\$23,084,764</u>	<u>\$23,067,701</u>	<u>\$23,524,566</u>	<u>\$26,531,854</u>
All Other Governmental Funds										
Reserved	\$13,681,508	\$14,119,508	\$12,208,419	\$12,359,973	\$16,130,182	\$53,422,372	\$49,019,982	\$62,656,549	\$55,418,227	\$4,154,570
Unreserved-designated	\$18,718,615	\$21,130,205	\$19,838,903	\$18,952,712	\$18,642,397					
Unreserved, reported in:										
Debt Service funds					11,488	11,488	11,488			4,308,979
Special revenue funds	57,942	521,293	2,394,910	419,182	6,117,979	12,410,301	15,497,821	16,667,600	16,985,069	18,065,349
Capital project funds	(1,335,079)	567,159	3,560,750	9,486,892	4,629,077	24,301,396	25,391,873	25,573,270	24,096,411	40,928,952
Undesignated funds	288,660	436,893	491,708	5,008,134						
Total all other governmental funds	<u>\$31,411,646</u>	<u>\$36,775,058</u>	<u>\$38,494,690</u>	<u>\$46,226,893</u>	<u>\$45,531,123</u>	<u>\$90,145,557</u>	<u>\$89,921,164</u>	<u>\$104,897,419</u>	<u>\$96,499,707</u>	<u>\$67,457,850</u>

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

(a) The change in total fund balance for the General Fund and All Other Governmental Funds is explained in Management's Discussion and Analysis.

The detail of Reserved and Designated Fund balance is explained in Note 18 of the financial statement footnotes.

CITY OF HAYWARD
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1999	2000	2001	2002
Revenues				
Property Taxes	\$13,755,263	\$14,739,372	\$16,548,863	\$17,491,441
Property Tax Increment	2,378,779	2,404,938	2,599,452	3,728,173
Special Assessments	352,001	58,333	58,515	331,974
Sales Taxes	26,535,664	29,484,139	34,434,023	30,040,063
Other Taxes	15,779,506	15,671,931	18,404,266	16,993,758
Licenses, permits	2,401,021	2,318,115	2,122,084	2,268,159
Fines and forfeitures	927,466	727,615	938,720	671,481
Use of money and property	2,587,530	2,990,081	5,908,916	3,905,886
Intergovernmental revenues	17,410,611	16,617,791	19,536,031	27,428,038
Charges for services	2,801,032	2,832,853	3,212,084	5,013,107
Park Development Fees	246,250	1,221,717	566,601	206,100
Reimbursement from Developer		1,183,749	772,472	52,386
Other	4,245,976	4,044,819	13,630,131	4,208,662
Total Revenues	<u>89,421,099</u>	<u>94,295,453</u>	<u>118,732,158</u>	<u>112,339,228</u>
Expenditures				
Current:				
General government	7,244,499	7,797,012	7,892,720	9,018,411
Public safety	45,764,761	44,438,857	48,556,109	55,367,946
Public works and transportation	9,109,643	9,046,513	9,264,448	10,136,455
Community development	5,897,149	4,634,372	4,972,441	6,819,730
Culture and leisure	2,547,019	2,644,211	2,799,749	3,835,139
Nondepartmental	325,153	648,217	483,824	1,078,434
Capital outlay	26,346,684	12,752,301	13,099,823	20,289,015
Debt service:				
Principal repayment	1,297,311	4,695,042	1,843,425	1,579,128
Interest and fiscal charges	2,605,294	2,944,662	2,649,656	3,073,252
Issuance Costs				
Total Expenditures	<u>101,137,513</u>	<u>89,601,187</u>	<u>91,562,195</u>	<u>111,197,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,716,414)</u>	<u>4,694,266</u>	<u>27,169,963</u>	<u>1,141,718</u>
Other Financing Sources (Uses)				
Gain on Sale				
Transfer of land held for resale to cap assets				
Proceeds of refunding bonds				
Payment to refunded bond escrow agent				(3,409,396)
Proceeds of repayment agreement	5,491,093	5,702,124		
Proceeds from long term debt	2,900,000		380,154	3,589,835
Contributions from assessment district				
Operating transfers in	12,959,003	12,803,751	11,556,084	28,066,581
Operating transfers out	(13,242,856)	(12,901,766)	(12,301,406)	(28,031,509)
Total other financing sources (uses)	<u>8,107,240</u>	<u>5,604,109</u>	<u>(365,168)</u>	<u>215,511</u>
Net Change in fund balances	<u>(\$3,609,174)</u>	<u>\$10,298,375</u>	<u>\$26,804,795</u>	<u>\$1,357,229</u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)

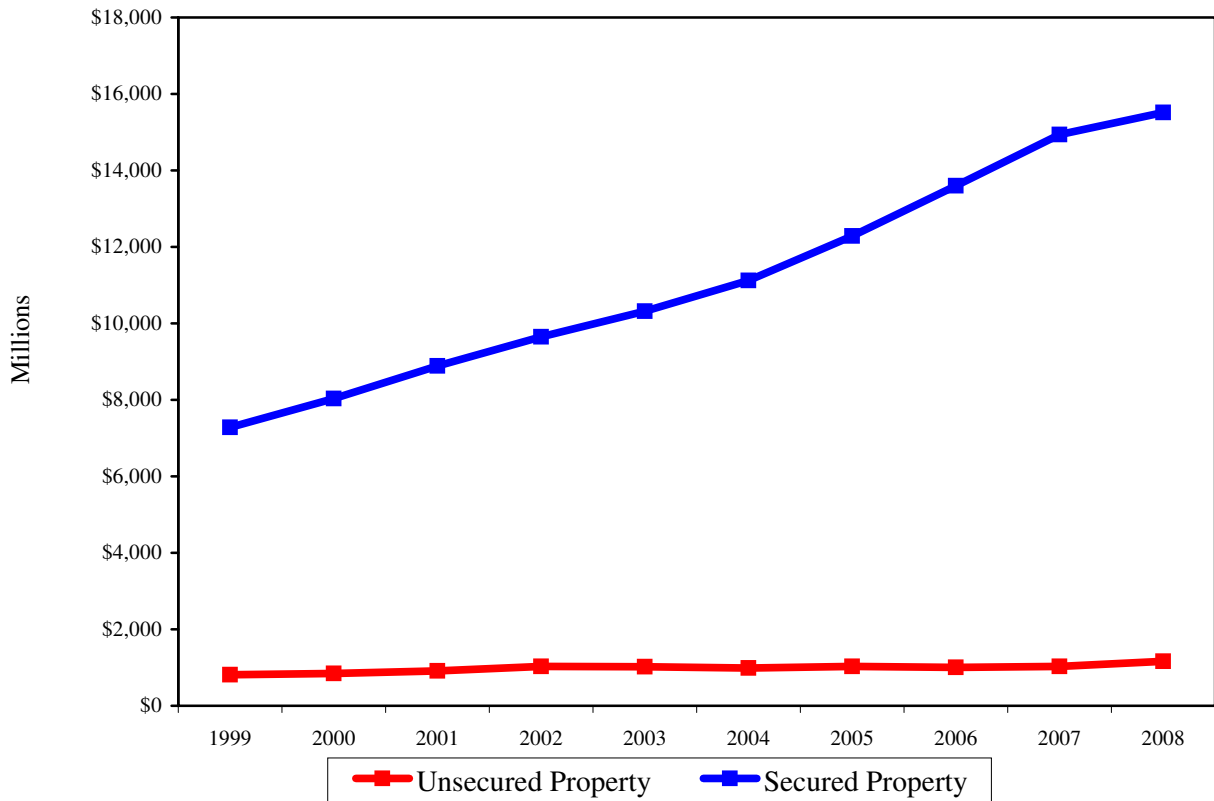
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Year Ended June 30,					
2003	2004	2005	2006	2007	2008
\$18,728,438	\$19,577,399	\$18,859,966	\$21,446,064	\$24,687,960	\$39,135,339
5,113,404	6,138,632	7,035,685	9,154,816	11,465,642	12,082,986
248,175	547,431	555,487	685,832	884,579	1,051,269
25,779,520	25,412,984	27,155,333	26,685,812	28,857,677	29,233,148
16,059,700	19,182,313	22,603,671	23,493,746	21,365,639	22,941,172
2,474,133	3,501,299	3,198,850	3,058,982	4,024,802	4,712,325
1,512,510	989,574	1,807,424	1,369,873	1,150,614	985,858
2,889,938	1,231,361	3,059,783	3,663,298	5,969,155	5,517,114
21,876,919	26,655,486	26,328,946	26,099,613	27,904,422	10,914,969
3,333,000	4,215,041	4,215,345	4,388,585	5,583,089	5,340,126
548,800	137,150	170,571	670,914	1,177,703	904,061
75,000				5,000,000	1,813,604
5,373,302	4,799,061	7,092,766	7,418,334	4,823,715	3,782,765
104,012,839	112,387,731	122,083,827	128,135,869	142,894,997	138,414,736
8,826,326	8,985,611	10,083,636	10,595,772	10,729,759	11,639,480
56,707,431	62,511,746	63,399,896	67,486,231	71,172,116	80,724,226
10,989,386	11,310,705	11,728,493	12,282,568	13,037,745	14,885,813
6,931,533	7,046,871	10,378,197	6,880,898	7,533,647	14,222,148
3,529,115	3,386,153	3,421,821	3,520,852	3,628,763	5,487,181
729,191	652,406	1,433,854	1,874,955	1,379,106	
25,862,483	16,310,072	17,942,515	17,426,130	37,397,788	31,046,389
1,720,103	5,809,203	1,338,715	2,059,939	2,221,503	3,026,920
2,750,879	3,499,130	3,890,878	4,824,827	4,792,626	5,186,476
118,046,447	119,511,897	123,618,005	126,952,172	151,893,053	166,218,633
(14,033,608)	(7,124,166)	(1,534,178)	1,183,697	(8,998,056)	(27,803,897)
		2,500,000 (3,443,016)			31,820,000 (31,184,483)
	44,790,000	2,250,000	12,291,602	257,512	1,342,011
8,693,706					
13,242,059	17,676,689	10,616,069	15,198,496	13,790,988	21,111,234
(12,358,183)	(16,499,746)	(9,425,284)	(13,714,603)	(12,991,291)	(19,687,595)
9,577,582	45,966,943	3,440,785	13,775,495	1,057,209	3,401,167
(\$4,456,026)	\$38,842,777	\$1,906,607	\$14,959,192	(\$7,940,847)	(\$24,402,730)
5.1%	9.9%	5.2%	6.7%	6.5%	6.5%

CITY OF HAYWARD
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

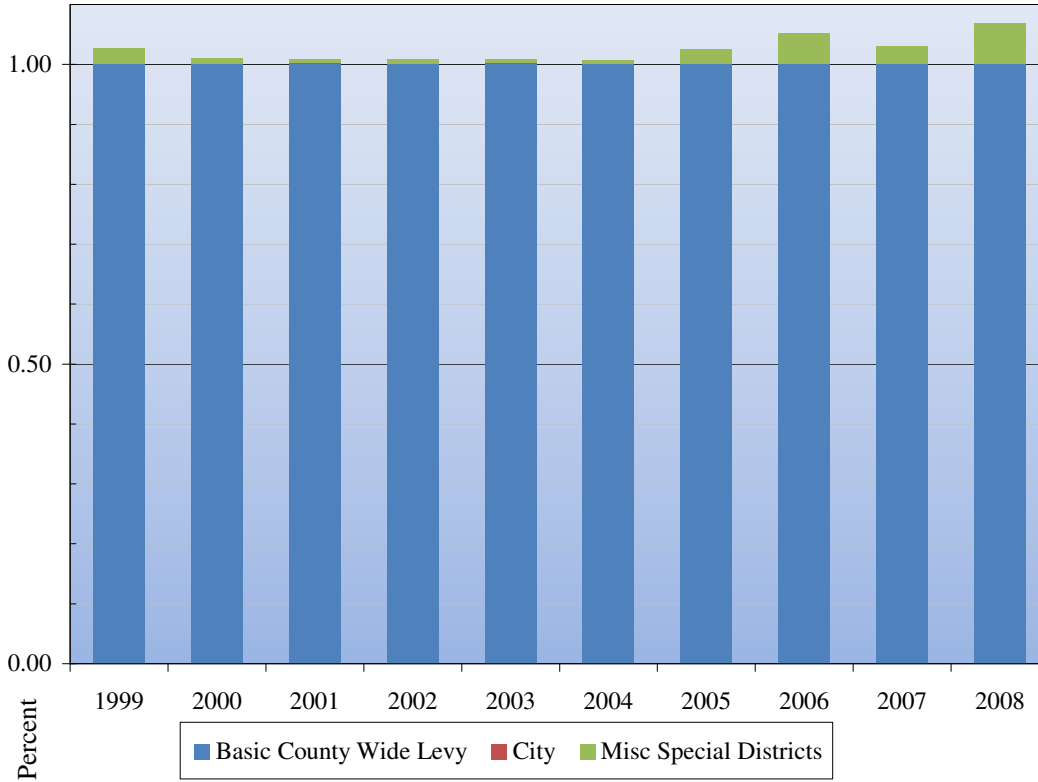


Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed	Estimated Full Market (a)	Direct Tax Rate (b)
1999	7,277,164,857	813,485,606	8,090,650,463	8,090,650,463	1%
2000	8,032,875,841	842,933,934	8,875,809,775	8,875,809,775	1%
2001	8,886,868,948	908,109,523	9,794,978,471	9,794,978,471	1%
2002	9,648,053,727	1,030,843,430	10,678,897,157	10,678,897,157	1%
2003	10,319,487,654	1,024,667,076	11,344,154,730	11,344,154,730	1%
2004	11,122,042,996	986,816,539	12,108,859,535	12,108,859,535	1%
2005	12,288,165,552	1,027,365,069	13,315,530,621	13,315,530,621	1%
2006	13,597,846,461	1,007,627,707	14,605,474,168	14,605,474,168	1%
2007	14,934,382,599	1,032,847,525	15,967,230,124	15,967,230,124	1%
2008	15,511,405,943	1,162,782,433	16,674,188,376	16,674,188,376	1%

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

**CITY OF HAYWARD
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	City	Misc Special Districts	Total
1999	1.0000	0.0018	0.0259	1.0277
2000	1.0000	0.0018	0.0088	1.0106
2001	1.0000	0.0018	0.0065	1.0083
2002	1.0000	0.0018	0.0072	1.0090
2003	1.0000	0.0018	0.0065	1.0083
2004	1.0000	0.0018	0.0057	1.0075
2005	1.0000	0.0018	0.0243	1.0261
2006	1.0000	0.0018	0.0502	1.0520
2007	1.0000	0.0018	0.0294	1.0312
2008	1.0000	0.0018	0.0674	1.0692

Source: Alameda County Assessor's Office

City of Hayward
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2007-08</u>			<u>1998-99</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Northern Cal Industrial Portfolio	178,467,647	1	1.1%			
Southland Mall LP	142,131,910	2	0.9%			
Berkeley Farm Inc.	129,207,160	3	0.8%			
Hayward Point Eden I Ltd. Prt.	92,900,000	4	0.6%			
SCI Limited Partnership I	82,401,854	5	0.5%	68,022,854	3	0.8%
Impax Laboratories Inc.	74,646,044	6	0.4%			
Bottling Group LLC	72,968,107	7	0.4%			
North 3 Holding LLC	66,500,000	8	0.4%			
Deutsche Bank National Trust	64,841,028	8	0.4%			
Eden Shores Associates 1 LLC	28,007,466	10	0.2%			
Equitable Life Assurance Soc.				102,938,629	1	1.3%
Speiiker Properties LP				89,522,642	2	1.1%
New Century Beverage Company				55,054,509	4	0.7%
Essex Portfolio LP				45,003,490	5	0.6%
Kobe Precision Inc.				44,454,715	6	0.5%
Hayward Industrial Park Assoc.				39,205,188	7	0.5%
Mervyn's				38,886,480	8	0.5%
Standard Pacific Corp				27,454,713	9	0.3%
GE Credit Auto Auctions Inc.				20,960,509	10	0.3%
Subtotal	932,071,216		5.6%	531,503,729		6.6%

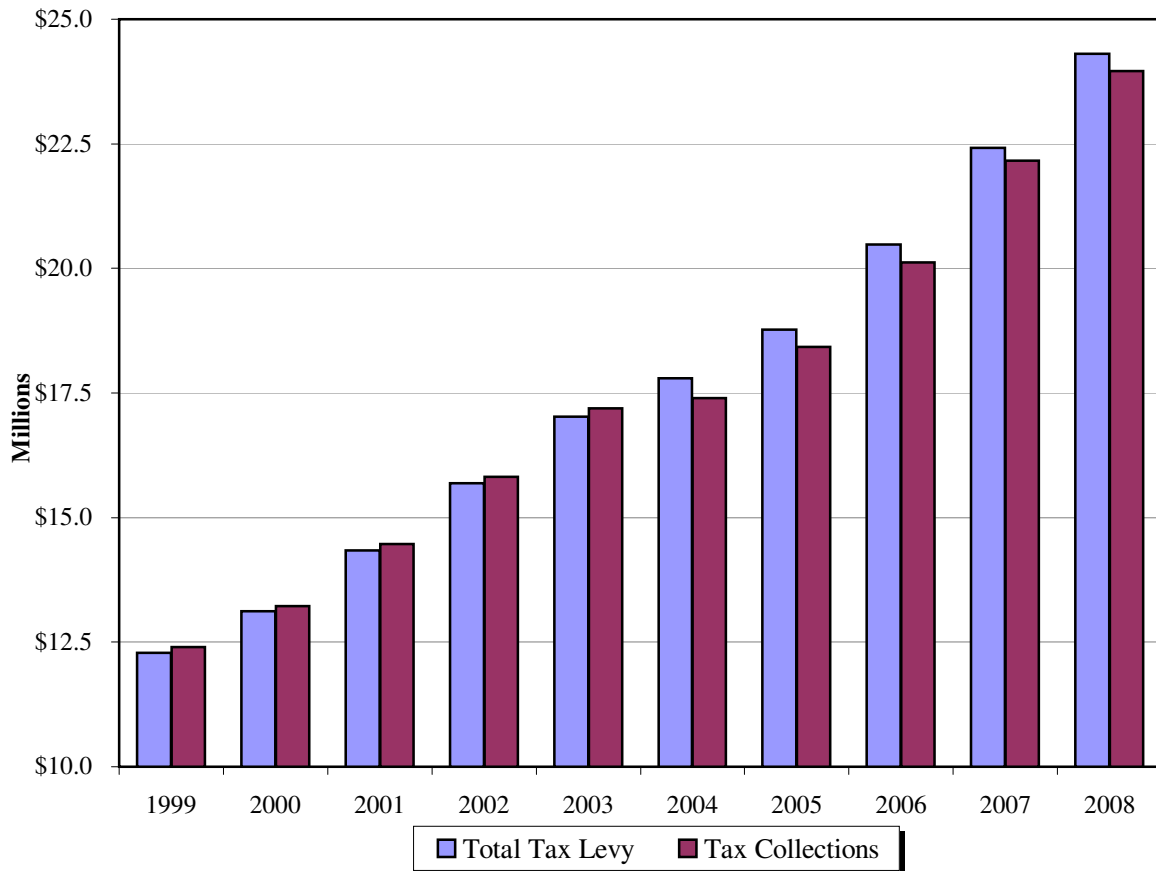
Total Net Assessed Valuation:

Fiscal Year 2007/2008 \$16,674,188,376

Fiscal Year 1998/1999 8,090,650,463

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls.

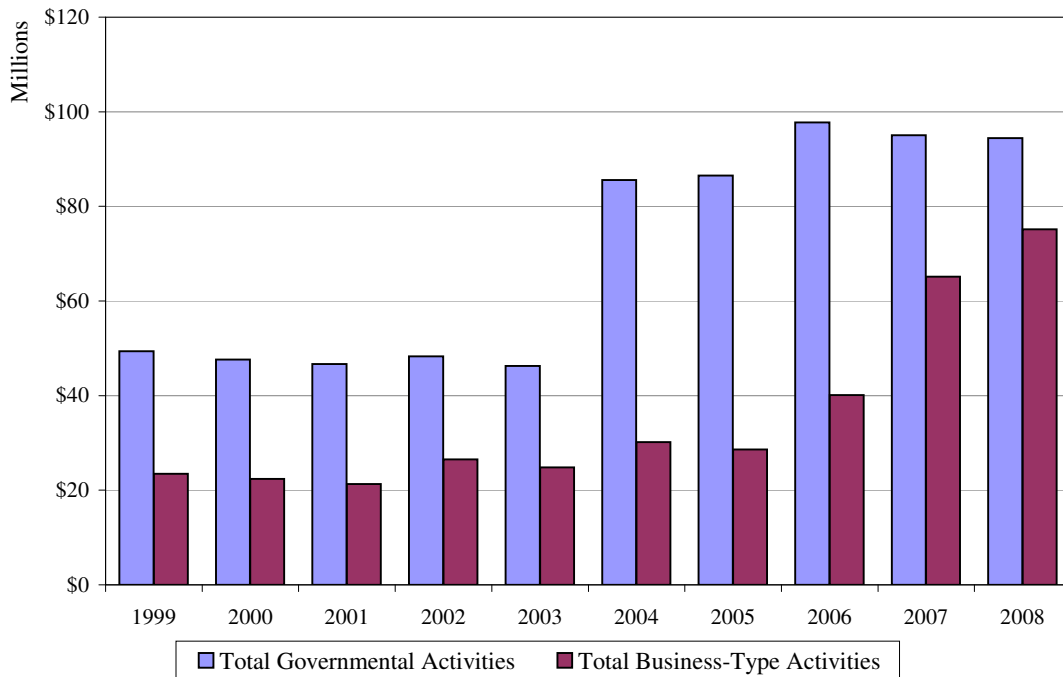
**CITY OF HAYWARD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1999	\$12,286,537	\$11,983,302	97.53%	\$419,229	\$12,402,531	100.94%
2000	13,121,398	12,858,874	98.00%	358,324	13,217,198	100.73%
2001	14,345,461	14,043,529	97.90%	421,843	14,465,372	100.84%
2002	15,690,705	15,281,762	97.39%	535,586	15,817,348	100.81%
2003	17,024,389	16,558,946	97.27%	628,813	17,187,759	100.96%
2004	17,798,479	16,847,330	94.66%	549,264	17,396,594	97.74%
2005	18,777,530	17,834,790	94.98%	585,811	18,420,601	98.10%
2006	20,479,673	19,465,790	95.05%	657,640	20,123,430	98.26%
2007	22,414,567	21,022,743	93.79%	1,133,169	22,155,912	98.85%
2008	24,307,591	22,564,833	92.83%	1,393,980	23,958,813	98.57%

Source: Alameda County Assessor Office

CITY OF HAYWARD
RATION OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS



Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
1999	5,540,000	39,340,000		4,529,026	49,409,026
2000	5,290,000	38,570,000		3,793,821	47,653,821
2001	5,025,000	37,765,000		3,888,592	46,678,592
2002	4,750,000	36,930,000	6,069,835	576,332	48,326,167
2003	4,460,000	36,050,000	5,513,235	236,367	46,259,602
2004	44,790,000	35,125,000	4,935,070	692,271	85,542,341
2005	44,790,000	34,160,000	4,334,710	3,218,896	86,503,606
2006	55,995,000	33,150,000	3,711,230	4,857,110	97,713,340
2007	55,385,000	32,095,000	3,068,590	4,506,396	95,054,986
2008	54,175,000	31,820,000	2,367,210	6,085,298	94,447,508

Business-Type Activities					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government Debt	Total Government Debt Per Capita (a)
1999	6,590,424	16,860,000	23,450,424	72,859,450	1,821.99
2000	6,160,098	16,235,000	22,395,098	70,048,919	1,643.76
2001	5,699,771	15,585,000	21,284,771	67,963,363	1,448.53
2002	10,937,028	15,607,583	26,544,611	74,870,778	1,451.32
2003	10,040,001	14,810,883	24,850,884	71,110,486	1,549.28
2004	16,154,965	14,019,965	30,174,930	115,717,271	2,462.38
2005	15,417,645	13,192,645	28,610,290	115,113,896	2,418.05
2006	14,646,885	25,490,235	40,137,120	137,850,460	2,693.60
2007	13,853,205	51,289,612	65,142,817	160,197,803	3,130.27
2008	12,502,790	62,618,065	75,120,855	169,568,363	3,313.37

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) Per Capita based on Buying Income; see Demographic and Statistics Schedule for buying income data.

Sources: City of Hayward
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

CITY OF HAYWARD
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value of Property	General Bonded Debt Per Capita (a)
	<u>Tax Allocation Bonds</u>	<u>Total</u>		
1999	5,540,000	5,540,000	0.07%	43.38
2000	5,290,000	5,290,000	0.06%	40.81
2001	5,025,000	5,025,000	0.05%	34.89
2002	4,750,000	4,750,000	0.04%	32.92
2003	4,460,000	4,460,000	0.04%	30.82
2004	44,790,000	44,790,000	0.37%	309.68
2005	44,790,000	44,790,000	0.34%	306.72
2006	55,995,000	55,995,000	0.38%	382.48
2007	55,385,000	55,385,000	0.35%	374.62
2008	54,175,000	54,175,000	0.32%	363.09

Source: City of Hayward Long Term Debt Schedule

(a) Per Capita based on City population; see Schedule 13 Demographic and Statistics for population data.

CITY OF HAYWARD
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2008

2007-08 Assessed Valuation:	\$15,604,710,248
Redevelopment Incremental Valuation:	<u>\$1,100,494,783</u>
Adjusted Assessed Valuation:	<u>\$14,504,215,465</u>

	Net Debt Outstanding	Percentage Applicable to City of Hayward	Amount Applicable to City of Hayward
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Bay Area Rapid Transit District	\$467,320,000	3.415%	\$15,958,978
Chabot-Las Positas Community College District	476,514,226	18.349%	87,435,595
Miscellaneous Unified School District	429,843,713	37.152%	41,636,410
Washington Township Healthcare District	59,350,000	2.513%	1,491,466
East Bay Regional Park District	149,445,000	4.962%	7,415,461
City of Hayward Community Facilities District No. 1	9,755,000	100.000%	9,755,000
City of Hayward 1915 Act Bonds	2,341,000	100.000%	2,341,000
Alameda County Combined Reassessment District	810,000	100.000%	<u>810,000</u>
SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			166,843,910
 DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Alameda County General Fund Obligations	459,688,000	8.645%	39,740,028
Alameda County Pension Obligations	288,520,122	8.645%	19,755,565
Alameda County Board of Education Certificates of Participation	\$250,000	8.645%	21,613
Alameda-Contra Costa Transit District Certificates of Participation	13,500,000	10.383%	1,401,705
Chabot-Las Positas Community College District Certificates of Participation	4,990,000	18.349%	915,615
Hayward Unified School District Certificates of Participation	22,560,000	85.944%	19,388,966
San Lorenzo Unified School District Certificates of Participation	12,790,000	18.346%	2,346,453
Castro Valley and Pleasanton Unified School District Certificates of Participation	19,160,000	0.179% & 0.031%	7,146
City of Hayward General Fund Obligations	38,685,000	100.000%	<u>38,685,000</u>
SUBTOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			122,262,091
Less: City of Hayward Public Financing Authority Lease Revenue Bonds (100% self-supporting)			
and Association of Bay Area Governments, Series 2001-2 (20% self-supporting)			<u>\$3,462,000</u>
SUBTOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			118,800,091
 GROSS COMBINED TOTAL DEBT			289,106,001 (2)
NET COMBINED TOTAL DEBT			285,644,001

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2007-08 ASSESSED VALUATION:

Subtotal Gross Direct and Overlapping Tax and Assessment Debt	<u>1.07%</u>
---	--------------

Source: California Municipal Statistics, Inc.

CITY OF HAYWARD
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2008

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$16,674,188,376
---	------------------

BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	\$2,501,128,256
--	-----------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$94,447,509
-------------------	--------------

Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	94,447,509
---	------------

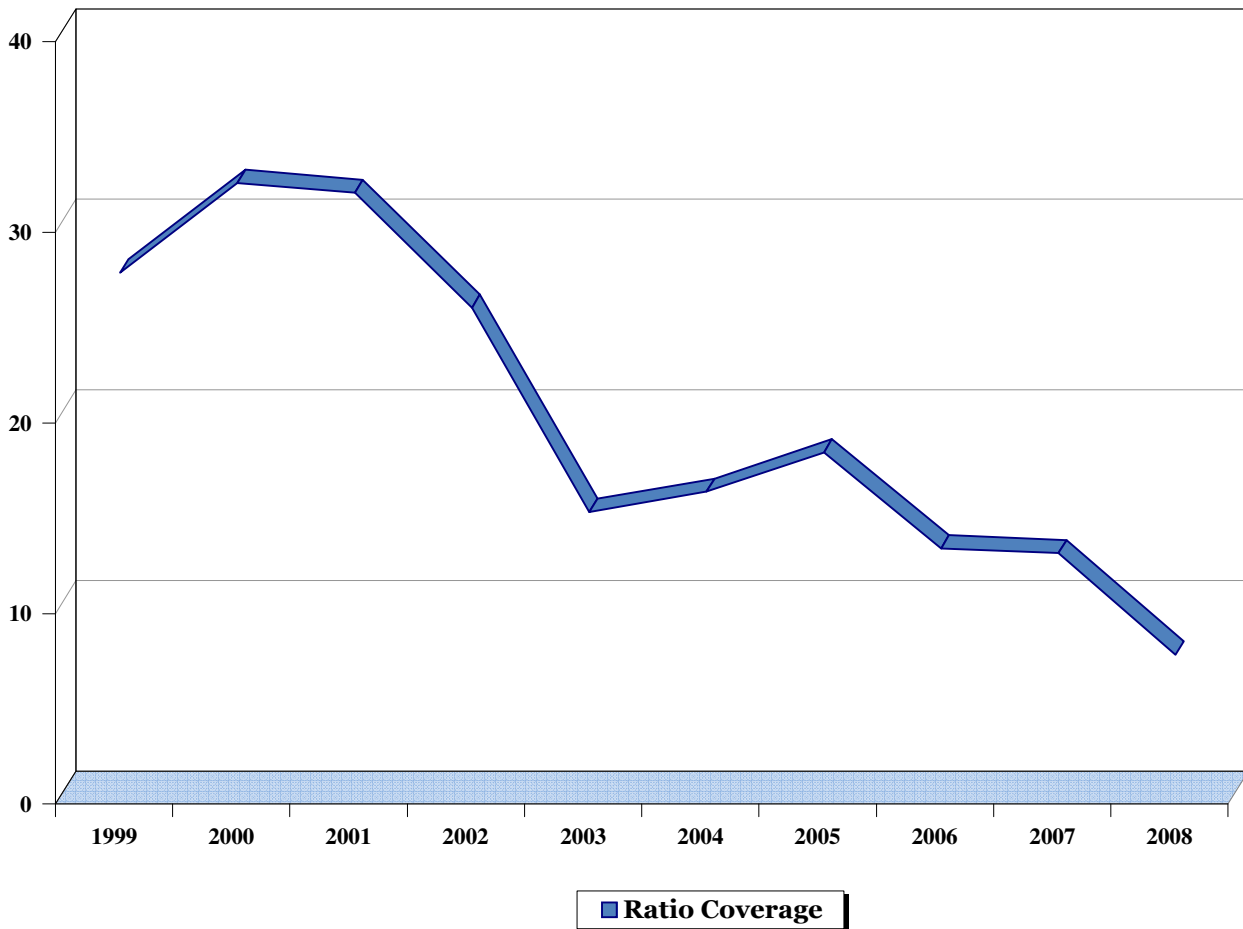
Amount of debt subject to limit	0
---------------------------------	---

LEGAL BONDED DEBT MARGIN	\$2,501,128,256
--------------------------	-----------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1999	1,213,597,569	0	1,213,597,569	0.00%
2000	1,331,371,466	0	1,331,371,466	0.00%
2001	1,469,246,771	0	1,469,246,771	0.00%
2002	1,601,834,574	0	1,601,834,574	0.00%
2003	1,701,623,210	0	1,701,623,210	0.00%
2004	1,816,328,930	0	1,816,328,930	0.00%
2005	1,997,329,593	0	1,997,329,593	0.00%
2006	2,190,821,125	0	2,190,821,125	0.00%
2007	2,395,084,519	0	2,395,084,519	0.00%
2008	2,501,128,256	0	2,501,128,256	0.00%

Source: County of Alameda Auditors Office

**CITY OF HAYWARD
REVENUE BOND COVERAGE
WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**

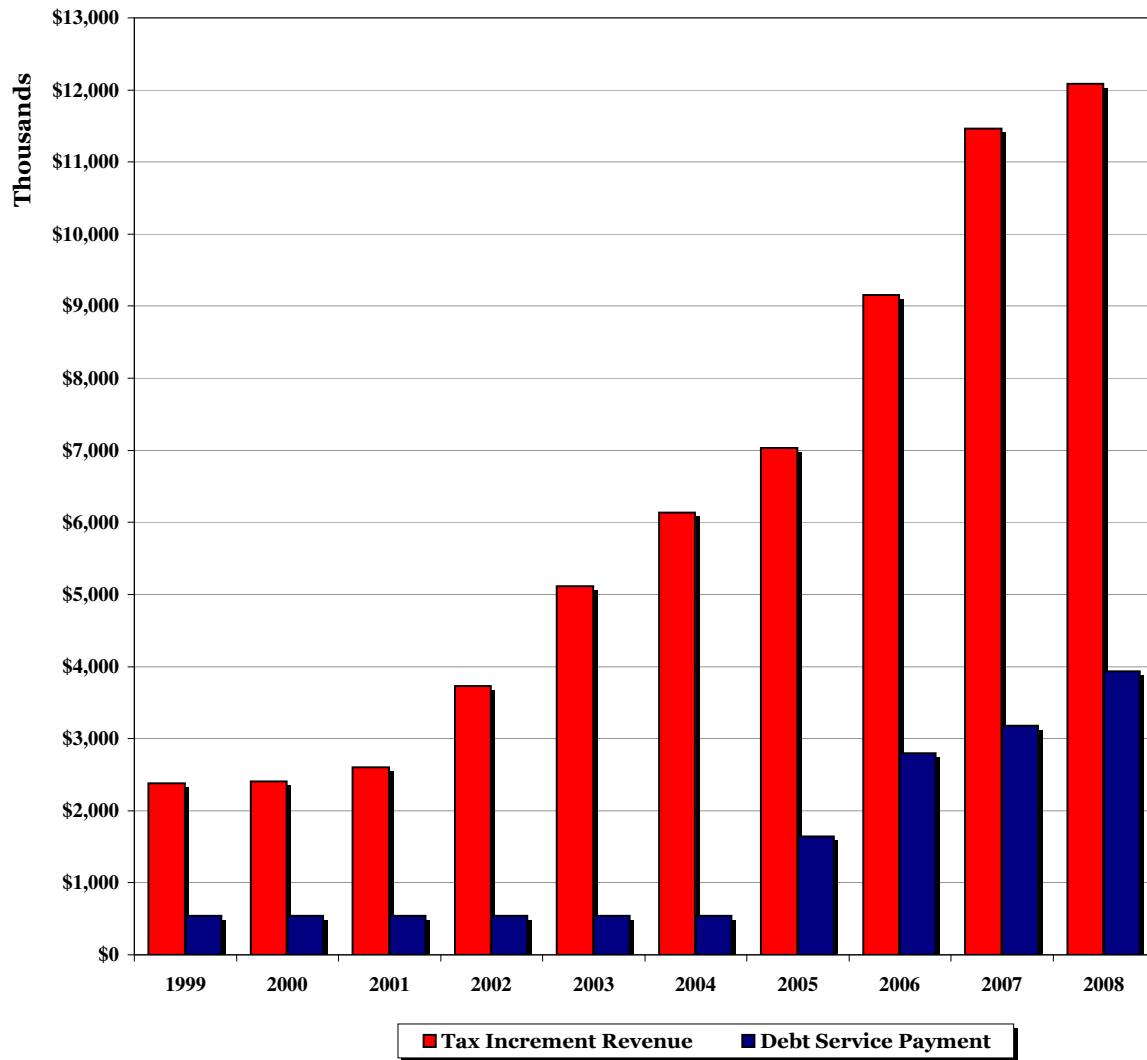


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
1999	\$31,625,348	\$17,226,281	\$14,399,067	\$250,000	\$275,950	\$525,950	27.38
2000	36,970,003	20,241,739	16,728,264	255,000	266,450	521,450	32.08
2001	38,043,354	21,431,811	16,611,543	270,000	256,505	526,505	31.55
2002	37,008,979	22,336,686	14,672,293	260,000	315,000	575,000	25.52
2003	37,117,660	21,657,598	15,460,062	550,000	493,240	1,043,240	14.82
2004	45,157,589	28,749,172	16,408,417	560,000	474,167	1,034,167	15.87
2005	48,501,867	29,848,059	18,653,808	575,000	464,851	1,039,851	17.94
2006	40,424,483	27,212,260	13,212,223	595,000	429,960	1,024,960	12.89
2007	49,256,682	32,133,601	17,123,081	700,000	654,199	1,354,199	12.64
2008	50,796,313	34,331,143	16,465,170	1,630,000	615,493	2,245,493	7.33

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Hayward Annual Financial Statements

CITY OF HAYWARD
BONDED DEBT PLEDGED REVENUE COVERAGE
TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS



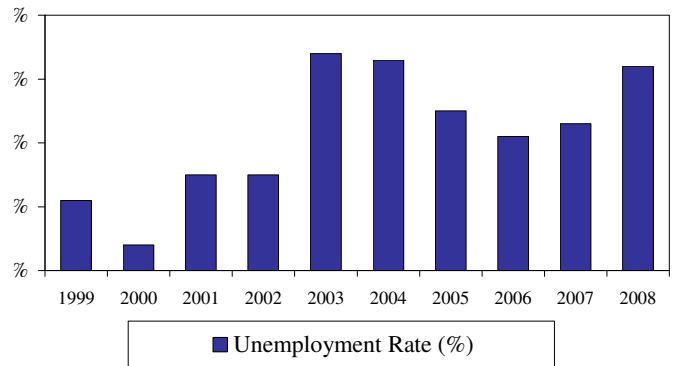
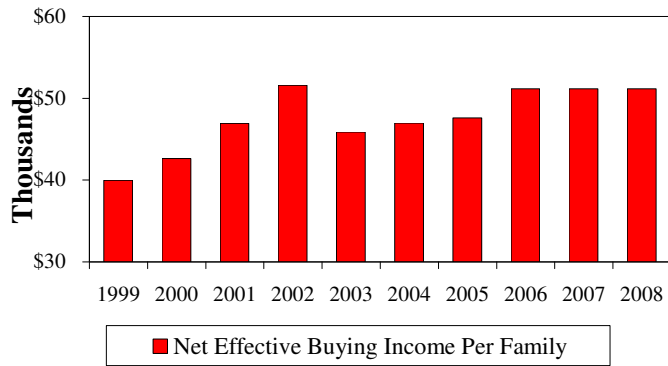
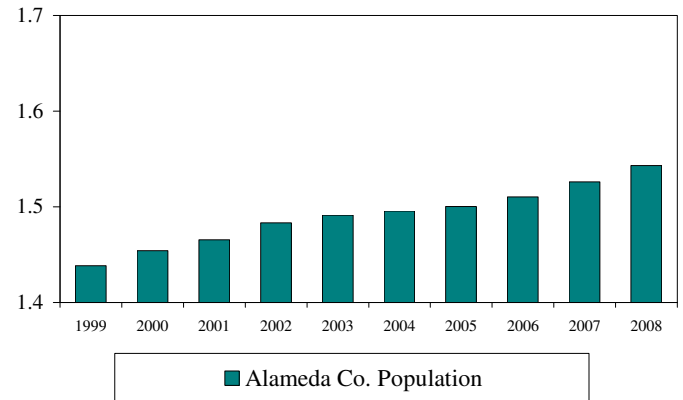
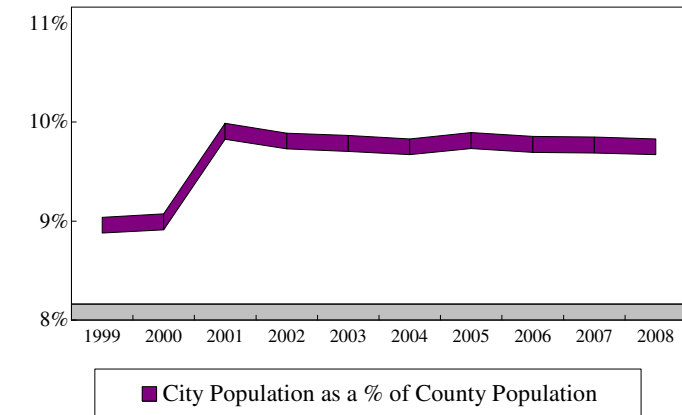
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1999	2,378,779	240,000	298,919	538,919	4.41
2000	2,404,938	250,000	289,019	539,019	4.46
2001	2,599,452	265,000	278,081	543,081	4.79
2002	3,728,173	275,000	266,156	541,156	6.89
2003	5,113,404	290,000	253,506	543,506	9.41
2004	6,138,632	305,000	239,876	544,876	11.27
2005	7,035,685	0	1,643,576	1,643,576	4.28
2006	9,154,816	595,000	2,199,581	2,794,581	3.28
2007	11,465,642	610,000	2,571,716	3,181,716	3.60
2008	12,082,986	1,210,000	2,722,771	3,932,771	3.07

Source: City of Hayward Annual Financial Statements

CITY OF HAYWARD

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS



Fiscal Year	City Population	Net Effective Buying Income Per Family	City Unemployment Rate	Alameda Co. Population	City Population % of County
1999	127,713	\$39,989	4.1%	1,438,516	8.88%
2000	129,610	\$42,615	3.4%	1,454,302	8.91%
2001	144,037	\$46,919	4.5%	1,465,669	9.83%
2002	144,304	\$51,588	4.5%	1,483,438	9.73%
2003	144,721	\$45,899	6.4%	1,491,247	9.70%
2004	144,633	\$46,994	6.3%	1,495,775	9.67%
2005	146,027	\$47,606	5.5%	1,500,228	9.73%
2006	146,398	\$51,177	5.1%	1,510,303	9.69%
2007	147,845	\$51,177	5.3%	1,526,148	9.69%
2008	149,205	\$51,177	6.2%	1,543,000	9.67%

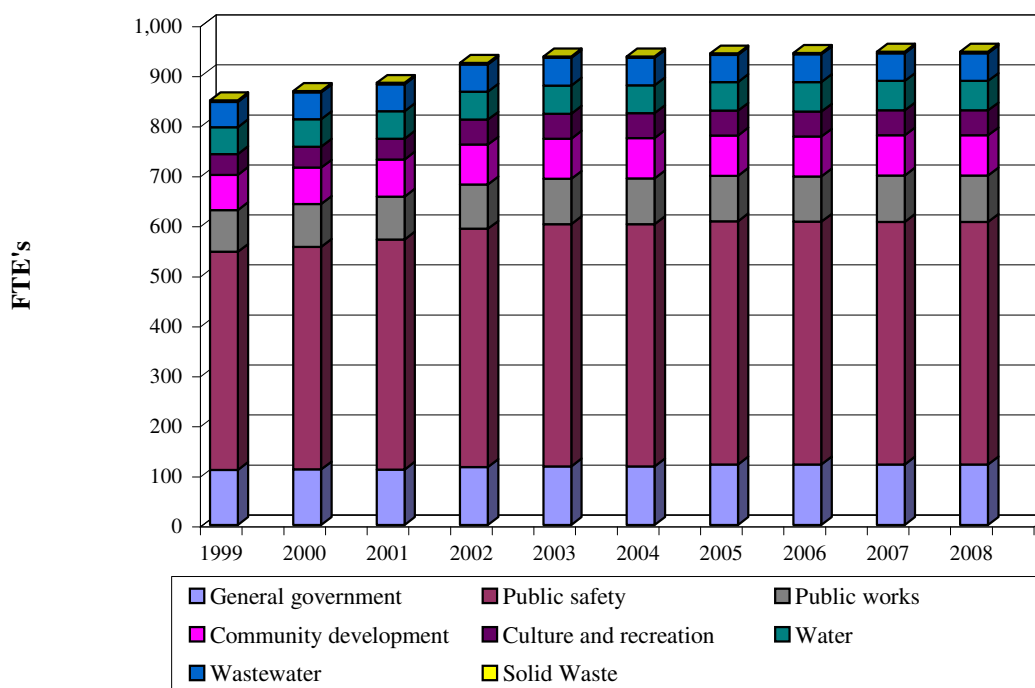
Source: California State Department of Finance

City of Hayward
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2007-08			1998-99		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Kaiser Permanente Medical Center	2200	1	1.5%	2266	2	1.8%
Hayward Unified School District	1800	2	1.2%	2317	1	1.8%
California University East Bay	1600	3	1.1%	1481	4	1.2%
Mervyn's*	1300	4	0.9%	2137	3	1.7%
St. Rose	950	5	0.6%	631	9	0.5%
City of Hayward	847	6	0.6%	797	6	0.6%
Berkeley Farms	640	7	0.4%			
Gillig Corporation	475	8	0.3%	474	12	0.4%
Alameda Newspaper Group	405	9	0.3%			
Pepsi Cola	400	10	0.3%			
Cell Genesys, Inc.	375	11	0.3%			
Injex Industries, Inc.	350	12	0.2%			
Pacific Bell				940	5	0.7%
American Gen Finance Mgmt				789	7	0.6%
Chabot College				763	8	0.6%
Etec Systems, Inc.				530	10	0.4%
Warden West Corporation				509	11	0.4%
Subtotal	11,342		7.60%	13,634		10.64%
Total City Population Using Census Data	149,205			128,183		

* Mervyns filed for bankruptcy as of November 2008

CITY OF HAYWARD
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Function										
General government	110.00	111.00	110.50	116.00	117.00	117.00	121.00	121.00	121.00	121.00
Public safety	436.00	445.00	460.20	476.20	484.20	484.20	486.20	485.20	484.70	484.70
Public works	83.75	85.75	85.75	88.75	90.75	91.75	90.75	90.75	92.75	92.75
Community development	70.00	72.50	74.00	79.50	80.50	80.50	80.50	79.50	80.50	80.50
Culture and recreation	41.65	41.95	41.95	49.85	49.85	49.85	49.85	49.85	49.85	49.85
Water	54.00	55.00	55.00	56.00	56.00	56.00	57.00	59.00	59.00	59.00
Wastewater	50.50	53.50	53.50	54.50	55.50	54.50	54.50	55.50	55.50	55.50
Solid Waste	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	848.90	867.70	883.90	923.80	936.80	936.80	942.80	943.80	946.30	946.30

Source: City of Hayward Adopted Operating Budget Book

CITY OF HAYWARD
Operating Indicators by Function/Program

Function/Program	Fiscal Year	
	2007	2008
Public safety:		
Fire alarms	13,660	14,500
Police: (Uniform Crime Reporting Statistics)		
Property crime calls	5,360	4,901
Violent crime calls	1,521	1,389
Arson calls	71	72
Public works		
Pavement Condition Index (PCI)*	70	70
*Industry measure of street condition with 100 ideal score		
Annual pavement improvement projects	11	10
Airport operations count/flights	125,516	148,052
Airport reported based aircraft	487	480
Community and Economic Development		
Housing Units Developed in the Vicinity of Downtown Hayward BART Station	305	60
Active Subdivisions	13	44
Active Parcel Maps	14	11
Building Permits	2,522	2,654
Residential Rental Inspections	3,554	4,608
Community Preservation Cases	1,599	2,410
Social Services Projects Funded	24	23
Facilities Projects Funded	8	8
Economic Development Projects Funded	1	1
New Housing/Rehab Projects Funded	2	2
Public Services Projects Funded	10	10
Culture and recreation:		
Library Materials in Collection	156,168	154,799
Library Circulation (Items checked out)	746,442	958,145
Water		
Water service connections	31,537 (a)	32,288 (a)
Water main breaks	43 (a)	28 (a)
Average daily consumption (thousands of gallons)	18,401 (a)	19,334 (a)
Wastewater		
Sewer service connections	30,518 (a)	31,829 (a)
Average daily treatment (thousands of gallons)	12,733 (a)	12,900 (a)
Solid Waste		
Landfilled waste recycled and diversion rate*	50% (b)	65% (b)
*Diversion rate beginning in calendar year 2000 and each year thereafter.		

Source: City of Hayward

(a) Best annualized estimate using partial year data

(b) Best estimate--since State will significantly revise method to calculate diversion rate.

CITY OF HAYWARD
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	1999	2000	2001	2002
Function/Program				
Public safety:				
Fire stations (a)	9	9	9	9
Number of firefighters and officers (b)	119	120	127	128
Police stations	1	1	1	1
Number of police officers (c)	173	182	197	204
Public works				
Miles of streets	251	252	253	255
Street lights	6,800	6,850	6,900	6,950
Traffic Signals	98	99	100	101
Airport	1	1	1	1
Community Development				
City Libraries	2	2	2	2
Water				
Number of consumers	126,000	126,000	126,000	130,000
Average daily consumption (gallons)	17,920,000	18,717,410	18,360,735	17,608,073
Miles of water mains	300	300	325	325
Storage capacity (gallons)	25,250,000	25,250,000	25,250,000	25,250,000
Wastewater				
Miles of sewers	301	301	325	325
Number of treatment plants	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	16,500,000	16,500,000

(a) Includes Fairview Fire District Station under contract

(b) represents actual hired firefighters and officers which may be different than budgeted number of positions

(c) represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward

Fiscal Year					
2003	2004	2005	2006	2007	2008
9	9	9	9	9	9
125	115	119	118	120	121
1	1	1	1	1	1
204	196	188	192	186	186
258	258	258	258	258	260
7,000	7,000	7,300	7,300	7,300	7,700
103	105	106	107	107	108
1	1	1	1	1	1
2	2	2	2	2	2
130,000	130,000	140,000	140,000	140,000	140,000
17,688,993	19,647,860	18,500,000	18,300,000	18,200,000	19,300,000
325	325	325	325	340	340
25,250,000	25,250,000	28,100,000	28,100,000	28,100,000	28,100,000
325	325	325	325	340	340
1	1	1	1	1	1
16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000

City of Hayward

777 B Street

Hayward, CA 94541

www.hayward-ca.gov